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NEWS SUMMARY

GENERAL

Rioting spreads in South Korea

South Korean army was preparing to use force to try to control the uprising in South Cholla province as the anti-Government rebellion spread from the capital Kwangju to 14 other towns and cities.

Two army divisions were deployed around Kwangju, which was entirely in dissident hands.

Further south, rioters were on the verge of taking over Mokpo after police were evacuated by sea. Page 6

Pensions inquiry

Lucas Industries chairman Sir Bernard Scott, is to chair an independent inquiry into the value of public-sector inflation-proofed pensions. Back Page

Man held

A man was detained by police investigating the derailment of the Aberdeen to London sleeper near Edinburgh.

£325,000 raid

Armed raiders escaped with £325,000 after blocking the path of a security van in Islington, North London, and threatening the driver with a revolver.

Volcano damage

President Carter saw from a helicopter the devastation left by the eruption of Mount St. Helens volcano in Washington State.

Peach inquest

Coroner at the Blair Peach inquest at Hammersmith finishes summing up today, and the jury is expected to be sent out on Tuesday to consider its verdict.

Clegg claim probe

Mrs. Thatcher said an official inquiry would be held into the claim by the Clegg Commission that its £130m excess award to teachers arose from wrong information from Whitehall.

Libyan killed

Rome police charged a Libyan with attempted murder. In Athens, police searched for the killer of a Libyan found with his throat slit.

Pipeline bomb

A bomb exploded on an oil pipeline in west Iran, cutting supplies to Kermanshah refinery, near the Iraq border.

Police on alert

South African police were on alert in black townships around Bloemfontein after the worst night of violence in a month of protests against racial inequality in education.

Sadat backing

Egyptian electorate is expected to approve constitutional changes allowing President Sadat to remain in office beyond his two six-year terms.

Flat blocks to go

Two 14-storey tower blocks built 14 years ago in Newham, East London, will be the first high-rise buildings to be demolished in London, at a cost of £1.5m.

Postcard record

World record price of £1,050 was paid at Phillips, London, for a postcard celebrating the coronation in 1902 of Edward VII and Queen Alexandra. Saleroom, Page 10

Shell shock

Army bomb disposal men were called to take away an unexploded first world war shell which for 50 years had been a doorstop at a church in New Milton, Hants.

Briefly . . .

Policeman was shot and wounded in East Belfast.

At least 40 people died and 40 were hurt when a bus crashed in Maharashtra, West India.

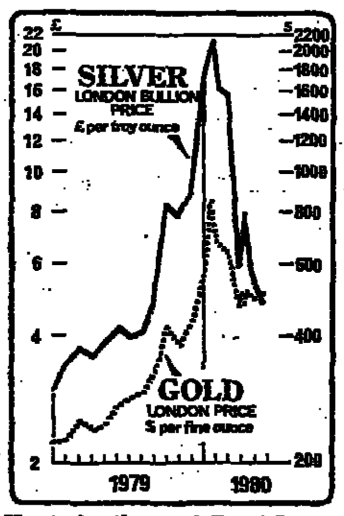
Miami lifted a dawn-to-dusk curfew imposed after race riots.

BUSINESS

£ and $ steady; silver off 49.7p

● STERLING closed 30 points down at \$2.3290 after profit-taking had led to a fall of more than 2c. Its trade-weighted index was 74.0 (74.1). DOLLAR rose to DM 1.7890 (1.7880), and its index was unchanged at 84.5. Page 33

● SILVER, influenced by the decline in gold and the outstanding commitments of the Hunt brothers, fell 49.7p to 467.80p, its lowest level for nine months. Page 39



● GOLD closed \$12 down at \$502 in London after briefly dipping below \$500. Page 39

● EQUITIES: Early stbility was lost following adverse trading statements, and the FT 30-share index fell 5.1 to 426.5. Page 40

● GILTS: Shorts improved after the official close following further falls in U.S. prime rates. The Government's Securities index closed 0.04 lower at 67.54. Page 40

● WALL STREET was up 11.35 at 842.41 before the close. Page 38

● U.S. Federal Reserve is likely to abandon its wide-ranging accounting and reporting proposals for foreign banks operating in the U.S. following strong opposition from supervisory bodies around the world. Back Page and Feature Page 24

● BANKERS TRUST International and Bank of Tokyo International are classified as licensed deposit-takers in the Bank of England's new list of deposit-taking institutions. Back Page

● GOVERNMENT plans to sell over 50 per cent of British Rail's stake in Sealink ferries are being drafted in a Transport Bill which will be included in the Queen's Speech. Page 9

● LIBERIA is pressing for greater international co-operation in official inquiries into shipping accidents, the Amoco Cadiz inquiry was told. Page 9

COMPANIES

● HONG KONG Carpet Manufacturers, one of the group of companies headed by Sir Laurence Kadoorie, has taken a major stake in Carpets International, Britain's largest tufted carpet manufacturer. Back Page

● DEBENHAMS, the department store group, reported 1979 pre-tax profits down from £23.31m to £15.82m on sales £61.26m ahead at £583.53m. Page 26 and Lex, Back Page

● IMPERIAL CHEMICAL Industries' pre-tax profits for the first quarter of this year rose to £152m (£98m), but the group warned of "much more difficult" trading conditions during the last two months. Page 26 and Lex, Back Page

● PROBLEMS facing British industry were emphasised in the comments of three engineering companies, GKN, Delta Metal and Associated Engineering. Pages 27 and 29

● BOOTS lifted pre-tax profits from £113m to £121.3m on UK retail sales which were up 14.25 per cent. Page 26 and Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated)

RISES		
Carpets Intnl.	26	+ 7
Chamberlin and Hill	47	+ 7
Comb. Eng. Stores	35	+ 4
Dundonian	74	+ 5
Hambros	382	+ 5
Hanson Trust	155	+ 6
Newman Inds.	45	+ 5
Nicholls (J. M.) (Vimto)	290	+ 17
Norton and Wright	70	+ 5
Steaua Romana	31	+ 6
FALLS		
Treas. 12pc 1984	£93¾	− ¼
Assod. Engineering	57½	− 2½
Bass	222	− 4
Brockhouse	37	− 4
Delta Metal	53½	− 4
GKN	242	− 15
Heath (C. E.)	192	− 4
ICI	362	− 12
Letraset Intnl.	119	− 7
Lucas Inds.	206	− 9
Perry (H.)	122	− 6
Press (Wm.)	26	− 3
Tube Invs.	250	− 10
Candecca Res.	182	− 7

BNOC increases prices and heads for £250m profit

BY RAY DAFTER IN LONDON and ROBERT MAUTHNER IN PARIS

British National Oil Corporation, which is about to raise its North Sea oil prices \$2 a barrel, is expected to make pre-tax profit of more than £250m this year.

As a result of rising production and spiralling prices the state corporation could be making an annual pre-tax profit of more than £1bn in a few years.

BNOC and other British oil producers have been accused by Sheikh Ali Khalifa Al-Sabah, Kuwait's Oil Minister, of contributing to the latest wave of international price increases.

The attack came as the main Western industrialised countries agreed in Paris yesterday to aim for a further substantial reduction of oil imports in the next decade.

As the main trader of North Sea oil BNOC will set new UK prices in the next few days. The move will put the value of Forties Field production at \$36.25 and the offshore-loaded oil from Mobil's Beryl Field at \$36.80.

The corporation has already told customers any increase will take effect from last Tuesday.

Corporation officials have been waiting for Nigeria to raise its prices. Nigeria confirmed yesterday that, in line with other members of the Organisation of Petroleum Exporting Countries, it was increasing prices by \$2 a barrel. Its Bonny Light crude, similar to North Sea oil, now costs \$36.71.

Kuwaiti newspapers quoted Sheikh Ali Khalifa as saying OPEC producers were not in race to raise prices. "I wonder why some denounce increases of our oil prices at a time when Britain is selling its North Sea oil at much higher prices. The decision to increase our oil price has been taken on consideration of prices ruling in the world market."

Government Ministers, attending a sesion of the 21-member International Energy Agency in Paris yesterday, noted steps taken so far are likely to reduce their oil imports substantially below the 1985 target of 26.2m barrels a day, including bunkers.

But the U.S. failed to obtain backing for a specific reduction of 4m barrels a day in the target.

Ministers also declined to set a target for 1990, as the U.S. would have liked. They confined themselves to laying down guidelines. Mr. David Howell, Britain's Energy Secretary, said firm targets set 10 years ahead were not credible.

The Ministers agreed that efforts to reduce oil imports would be continued beyond 1985. They expected that, as a result, it would be possible to reduce the share of oil in total energy demand from 52 per cent at present to about 40 per cent by 1990.

How oil producers can regulate surpluses, Page 2; U.S. energy policy near completion, Page 4; Improved oil sharing system urged, Page 9; Shell puts up prices, Page 10; Occidental and Shell growth forecast, Page 34

NEW CHAIRMAN FOR BNOC

Mr. Philip Shelbourne, chairman of Samuel Montagu, has been appointed the new chairman of British National Oil Corporation. One of his first tasks will be to steer through the Government's proposed reorganisation of the State oil undertaking—proposals that he has helped to draft as adviser to Mr. David Howell, Energy Secretary.

Mr. Shelbourne, aged 55, is joining BNOC immediately as a part-time board member. He will take up the chairmanship—at a salary of £53,000 a year—on a full-time basis on July 1, replacing Mr. Ronald Utiger who will then resume his duties as chairman of British Aluminium

Men and Matters, Page 24

Plea to Saudis over TV film

By Richard Johns, Middle East Editor

A BID to restore normal relations with Saudi Arabia and improve British trade prospects there was made by Lord Carrington, the Foreign Secretary, yesterday, when he expressed his personal regret about the Independent Television's screening early last month of the film "Death of a Princess."

His prepared statement, made in a political forum provided by a specially convened meeting in London of the Middle East Association (a non-governmental body whose members are involved in business in the region), was a clear and conciliatory, though indirect, appeal to the Saudi ruling hierarchy to forgive what it felt to be an offence to itself and Islam.

At the same time Lord Carrington, in answer to questions, called upon the British media to show a better understanding of Saudi Arabia and responsibility in its coverage of it, saying that they had "a duty to see that this sore of thing does not happen again."

While acknowledging the autonomy of the Independent Broadcasting Authority, the BBC and the Press, the Foreign Secretary said that a second showing of the film about the alleged execution of a Saudi royal princess for adultery was "exteremly unlikely."

Asked when he thought a resumption of full, uormal diplomatic relations might be possible, Lord Carrington replied: "I'd like it to happen tomorrow—sooner rather than later."

Lord Carrington was, however, careful not to make an official apology on behalf of the British Government.

Last month, the oGvernment denied that an official statement of regret issued shortly after the screening of the film was an apology. This is believed to have been an important factor in the Saudi decision, announced on April 23, to request the withdrawal of Mr. James Craig, the British Ambassador to Riyadh.

Yesterday, Lord Carrington said: "I personally am very sorry that any of this should have come to pass—and sorry for the understandable offence which this particular TV film has caused the Royal Family in Saudi Arabia and other Saudis and Moslems everywhere."

"Having seen the film I can say that I, too, found it deeply offensive." Some incidents in it "were clearly based on innuendo and rumour. It was a bad film and I wish it had not been shown."

Continued on Back Page

Britain faces 21% rise in EEC bill

BY JOHN WYLES IN BRUSSELS

BRITAIN'S EEC partners learned yesterday that on present trends net payments by the UK to the Community's budget may climb by 21 per cent to £1.41bn next year unless they agree to make special reductions.

New EEC Commission figures will be seen in the UK as strengthening Mrs. Margaret Tatcher's case for rejecting the offer of the Eight—since withdrawn—to reduce Britain's 1980 and 1981 net payments by about £765m on the grounds that they would still be too high next year. The latest indications are that Britain's bill would still be between £595m and £645m in 1981, even if the offers sponsored by France and West Germany, had been accepted.

The figures also indicate that if farm spending continues to rise at close to historic rates there would not be enough money in the EEC budget in 1982 to pay for any special deal for the UK.

The cash couldl be found comfortably in that year only by clamping down on social and regional spending so that it did not take a bigger share of the EEC budget than last year.

Once again the figures, like others produced by the Commision in the last nine months, highlight the basic clash of budgetary interests between the Common Agricultural Policy and the UK.

CAP broadly benefits the other eight, while the UK carries close to 20 per cent of its cost yet receives little more than 5 per cent of its payments.

The new forecasts were discussed by the nine permanent representatives in Brussels yesterday in preparation for a special meeting of EEC Finance and Economics Ministers next Tuesday.

But it remains to be seen whether the Commission's first detailed look into the budgetary future beyond this year will help break the dispute between the UK and its partners.

Italy, at present occupying the Community Presidency, hopes that Tuesday's meeting will produce a negotiating baton which can be picked up on Thursday by the Community's Foreign Ministers.

The Foreign Ministers failed to negotiate anything at their meeting in Naples last weekend, when the only gain for Britain was a general agreement to consider a special deal to run for three years.

Continued on Back Page
MPs critical of EEC's budget controls Page 12

Prime falls again

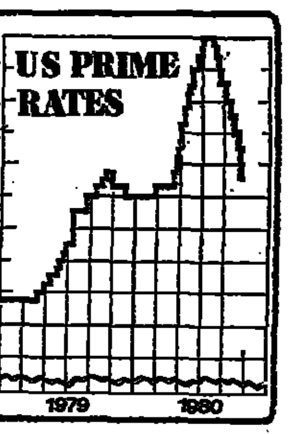
BY DAVID LASCELLES IN NEW YORK

SEVERAL large U.S. banks cut their prime rates again yesterday as short term interest rates continued to drop.

Chase Manhattan and Bankers Trust were among those who cut their rates to 15½ per cent though many other banks preferred to hold their rates at 16 per cent. One or two small regional banks have already taken their rates as low as 15 per cent.

These cuts came as interest rates continued to weaken in the credit markets. Rates on three-month Treasury bills dipped below 8 per cent, shedding nearly half a point shortly after the market opened.

This means that the money markets are still far ahead of the prime rate.



David Marsh writes: The dollar was generally steadier on the foreign exchanges yesterday in spite of the renewed fall in prime rates.

Sterling fell to \$2.3160 at one stage from Wednesday's five year high of \$2.3320 but recovered later to \$2.3290.

Money markets Page 33

£ in New York

—	May 21	Previous
spot	\$2.3300-3320	\$2.2940-2950
1 month	1.70-1.68 dis	1.45-1.40 dis
3 months	4.00-3.90 dis	3.45-3.40 dis
12 months	8.95-8.75 dis	7.75-7.60 dis

Public sector borrowing overshoots target by 18%

BY DAVID MARSH

THE GOVERNMENT overshot its original target for last year's public sector borrowing requirement by about 18 per cent. This was mainly because local authority borrowing was much larger than expected, partly to pay higher wage bills for municipal employees.

The scale of additional borrowing demonstrates the Treasury's difficulty in controlling and monitoring local authority borrowing. It may cast some doubt on the Government's ability to achieve its forecast reduction in the borrowing requirement to £8.5bn in the 1980/1981 financial year.

Figures published yesterday by the Central Statistical Office show the borrowing requirement for the 1979/80 financial year to the end of March was £9.78bn. This is about £1.5bn above the forecast made in the June, 1979, Budget of £8.3bn and is £660m above the provisional estimate for 1979/80 of £9.12bn, announced by the Government in the March Budget less than two months ago.

The public sector borrowing requirement comprises the borrowing of central government, local authorities and the public corporations.

The central government borrowing requirement for the year was £8.22bn, in line with the original forecast and the estimate given in March. Central government borrowing on its own account net of relending to the local authorities and public corporations, was only £4.26bn, against the £5.36bn forecast in June last year.

Public corporations borrowed less than was expected from the markets but more from the Government. The local authorities' borrowing requirement was £2.9bn, compared with the original forecast of £1.2bn. Most of this increase was accounted for by borrowing from market sources.

Overall public sector transactions in the first quarter this year resulted in a net repayment of debt of £192m, seasonally adjusted, as the central government was in substantial surplus. This compared with net borrowing of £3.1bn in the fourth 1979 quarter.

PUBLIC SECTOR BORROWING

	£m seasonally adjusted
1977-78	5,597
1978-79	9,282
1979-80	9,778
1979 2nd quarter	3,262
3rd quarter	3,566
4th quarter	3,141
1980 1st quarter	—192

The improvement was achieved in spite of the fact that local authorities increased their first quarter borrowing from market sources to £1.3bn from only 249m in the fourth quarter of 1979.

Large-scale borrowing was necessary to build up cash reserves which had been run down by large pay settlements, especially under the Clegg pay comparability commission's recommendations.

Curb on gilts market urged Back Page

Charterhouse plans Keyser bid

BY JOHN MOORE

THE Charterhouse Group, the investment and banking company with large industrial interests, is planning to bid for Keyser Ullmann, the merchant bank.

The terms are understood to have been agreed last night after lengthy discussions between the two boards. An announcement is expected today.

On the London stock market the shares of both groups were suspended yesterday before an announcement when talks were at an advanced stage.

Keyser's shares were suspended at 70p, which placed a value on the group of £36m. Charterhouse's shares were suspended at 84p, giving it a value of £82.5m.

Keyser Ullmann was one of the City banks kept afloat by the banking "lifeboat" organised by the Bank of England after the secondary banking crisis of 1973.

The accounts for 1975 revealed large losses and write-offs totalling £61m.

Since then the group has been nursed back to health by Mr. Derek Wilde, a former vice-chairman of Barclays Bank, who took over chairmanship of Keyser from Mr. Edward du Cann, the Conservative MP for Taunton, in 1975.

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EUROPEAN NEWS

How the oil producers can recycle their surpluses

BY JONATHAN CARR IN BONN

WHAT ACTION can be taken to encourage the oil-producing countries to invest abroad their huge and growing surplus funds? The question is high on the agenda of talks starting tomorrow in Riyadh, the Saudi capital, between Herr Hans Matthoefer, the West German Finance Minister, and Mr. Mohammed Aba Al-Khail, his Saudi counterpart.

Without a new initiative, many non-oil producing countries may be condemned to chronic deficits and to recession, which will impair the chances of the Organisation of Petroleum Exporting Countries' members to diversify their own economies. West Germany and Saudi Arabia have already developed a modest answer to this so-called "recycling" problem, with the former as a major deficit country directly obtaining credit from the latter through the sale of medium-term government securities. The question is whether they can build on this co-operation and outline a scheme with wider international application.

The Bonn Government has not so far formally adopted a specific plan. But senior government officials and members of the ruling Social Democrat Party have been giving serious consideration to proposals made by Armin Gutowski, head of the Hamburg Institute for Economic Research.

As a former member of the Government's Council of Economic Advisers, Prof. Gutowski has influential contacts in Bonn. While there are questions about details, Herr Rainer Offergeld, the Development Aid Minister, has already publicly endorsed the general line of his plan.

Prof. Gutowski stresses that the oil producers' surpluses will not vanish with the same relative ease they did after the first oil crisis of 1973-74. Thanks not least to greatly increased imports from the industrialised world, the oil producers combined current account surplus fell from \$68bn in 1974 to \$6bn in 1978. This year, that surplus is likely to be well over \$100bn and the oil producers' economies seem less capable of absorbing more imports than before—quite apart from the politically induced economic sanctions being imposed on Iran.

What are the oil producers to do with all their money? The blocking of Iranian assets in U.S. banks has hardly encouraged other oil producers to increase their dollar investments. Opportunities in other currencies are relatively limited, and many non-oil-producing developing countries, which desperately need credit, are increasingly unable to pay a reasonable rate of return on their borrowing.

The upshot could be that the oil states will freeze or even cut production, on the grounds that it is more sensible to keep their assets underground than

Mr. Mohammed Aba Al-Khail, the Saudi Finance Minister

exchange them for inflation-vulnerable paper money with few interesting investment prospects.

In the medium term, this would bring still higher oil prices, driving the industrialised world further towards recession. In the longer term, Prof. Gutowski believes the oil producers' calculation might prove self-defeating. The drive for less dependence on imported oil by the industrialised consuming countries would become so intense that oil producers could find themselves sooner than expected with big remaining oil reserves but fewer key customers.

This would imply that both sides — oil producers and consumers — stand to lose, albeit one later than the other. How can it be avoided? Prof. Gutowski proposes that developed countries offer the oil producers securities with a real interest rate—in this context, one slightly above the rate of price increase of the industrial goods the oil producers need for their own economic development. These securities could be issued through an existing international organisation and could be denominated in Special Drawing Rights (the International Monetary Fund's asset, based on a basket of currencies), although this would not have to be so. The funds thus obtained would be re-invested on the international capital market. If losses were made through the re-investment — which would not necessarily be so—the industrialised countries would have to pay from their national budgets.

The latter condition might appear at once to rule out the idea—but it is only part of the proposed deal. In return, the oil states would have to guarantee not to raise oil prices beyond a specified amount each year, and to satisfy demand at that price. This would emphatically not mean that the oil price would have to be fixed indefinitely. Indeed, there is

Glyn Genin

Herr Hans Matthoefer, West Germany's Finance Minister

wide agreement among producers and consumers that increases are necessary to encourage gradual energy savings and development of alternative energy sources. But one key aim of Prof. Gutowski's plan is to avoid sudden price leaps, increasing currency instability and economic uncertainty.

What of the non oil-producing developing states? It is true that this year several industrialised countries, including West Germany and Japan, are facing heavy current account deficits—the mirror image of part of the oil producers' surpluses. These countries are better able to finance their deficits (partly, as Bonn has shown, by direct borrowing from the oil states) than are the developing nations. To that extent, the burden in 1980 is better spread than it might have been.

That does not mean that the developing states' predicament is either satisfactory or likely to improve. Their combined current account deficit this year is expected to be around \$70bn (compared with total public development aid this year from the industrialised countries of less than \$30bn). They are having to pay, on average, about a quarter of their export earnings to finance their oil import bill, and some are having to pay a very much higher proportion. The International Monetary Fund has money to lend—but on economic conditions which many developing countries feel they cannot fulfil, driving them to the private banking sector. These banks now finance well over half the developing countries' deficit, compared with less than 40 per cent five years ago. Many clearly feel they are reaching the limits of prudent lending.

Prof. Gutowski therefore suggests that part of the surplus oil-revenue being recycled under his plan should be paid into a fund, which would re-lend on relatively soft conditions to developing states, or make direct grants to them. The Bill accruing to the fund would be met jointly by industrialised and oil-producing states, as part of their own promised increase in development aid.

What chance does this scheme, or a variation of it, stand of formal support from the West German Government? Not surprisingly, Herr Rainer Offergeld, the Development Aid Minister, favours something very like it. Herr Hans Matthoefer, the Finance Minister, recognises the force of the recycling arguments without, so far, specifically embracing this kind of solution. However, it would make a good discussion topic for his visit to Saudi Arabia this week. The nearer one approaches Herr Helmut Schmidt's Chancellery, the more detailed the questions become on specific points. Might not this idea imply a form of international indexation which would encourage inflation? Might not provision of a real interest rate actually spur the oil states to try to hold back production, on the grounds that their revenue was then sufficiently guaranteed for their own development?

But all those who make these and similar points recognise that the price of trying to avoid the problem is also likely to be very high. A debate is thus in progress—and it may yet be that it will find its way into the European and Western economic summit meetings in Venice next month.

Pandolfi warns on Italian deficit

By Rupert Cornwell in Rome

A FURTHER heavy balance of payments deficit for last month has added weight to warnings by both Sig. Filippo Maria Pandolfi, the Italian Treasury Minister, and Sig. Carlo Ciampi, the Governor of the Bank of Italy, that action is required soon if Italy is to avoid a currency crisis and a new lira devaluation.

Figures issued yesterday by the central bank show that the deficit for April alone reached L850bn (\$43.3m), bringing the deficit for the first four months of 1980 to L2,749bn against a surplus of L1,200bn in the same period of last year.

So far the deficit has been fully covered by an inflow of funds into the Italian commercial banking system from abroad, but Sig. Pandolfi made clear to the Senate's Finance Committee that this could not continue indefinitely.

The drastic change in the payments position reflects the deterioration of Italy's trading performance. The deficit for the first three months of this year totalled L3,777bn, five times the figure for the first quarter of 1979.

The culprit is not only the surge in oil prices since 1979, or the fact that Italy's economy at present is more vigorous than those of most of its trading partners—but, as Sig. Pandolfi pointed out, the growing loss of competitiveness on the part of large industries in particular.

So far the lira had been remarkably stable after 14 months within the European Monetary System. But, the Treasury Minister told the committee, this happy state of affairs could not continue much longer, given that Italian inflation, at about 20 cent annually, is double the Community average.

Both Sig. Pandolfi and Sig. Ciampi stressed that with timely action a lira devaluation could be avoided.

The arrival of the tourist season should see a notable improvement in Italy's current payments, while reserves, boosted further by the latest upvaluation of the country's gold stock, now stand at around \$45bn. But Sig. Pandolfi warned that tourist receipts alone would not cover the extra oil import bill this year.

Turkey to promote investment

BY METIN MUNIR IN ANKARA

THE FREE enterprise government of Mr. Suleyman Demirel is considering new measures to promote foreign capital investment in Turkey, according to senior officials.

The measures have been submitted to the Government by the newly-established Foreign Investment Department of the Prime Minister's office. They are designed to correct and supplement the liberal framework decree on foreign capital published four months ago which was acclaimed in the west. The decree simplified hitherto formidable bureacracy and opened doors to foreign investors.

One amendment which has been promoted is to change the stipulation which stated that "the minimum amount of foreign capital participation is \$1m (£429,000)." Investments below this will now be possible.

Expansion of existing joint enterprises will be made easier and simpler as would the buying of shares in Turkish companies by foreign concerns. Finally, areas in which foreign investment is welcome will be expanded.

The Foreign Investment Department said it was also considering ways of simplifying investments in tourism by co-ordinating between the ministries involved in this area. There was virtually no foreign investment in Turkey in the past few years owing to the economic crisis and hostile bureauocratic environment. Since the publication of the new guidelines, however, there has been a revival of interest, particularly in the automotive field, mining and oil.

● Turkey has decided to boycott the Moscow Olympic Games because of the Soviet Union's refusal to withdraw from Afghanistan.

This was decided at a Cabinet meeting yesterday at which Mr. Demirel, reaffirmed Turkey's policy of supporting the West at the risk of endangering the country's 13-year-old rapprochement with the Soviet Union. There is no indication as yet that Turkey intends to reverse its policy of not applying sanctions on neighbouring Iran.

The Turkish Olympics committee is unlikely to overrule the Government's decision.

Norway's northern oil 'could take ten years'

BY FAY GJESTER IN OSLO

THE THREE blocks of Norway's north coast where exploratory drilling is due to start this summer, are the most promising on this part of the shelf.

This was made clear in Oslo this week at the launching of a 130-page report by a Royal Commission on "The possibilities and consequences of petroleum finds north of the 62nd parallel."

Mr. Trygve Tamburstuen, the commission chairman, said there was no political significance in the timing of the report's publication—less than a month after Parliament made its controversial decision to allow drilling north of the parallel this year.

It was being released now simply because the commission, appointed in November 1976, had finally completed its work.

So far, exploration on Norway's shelf has been confined to the waters below the 62nd parallel—partly because fishermen and environmentalists have opposed extending oil activities to the fish-rich waters in the north.

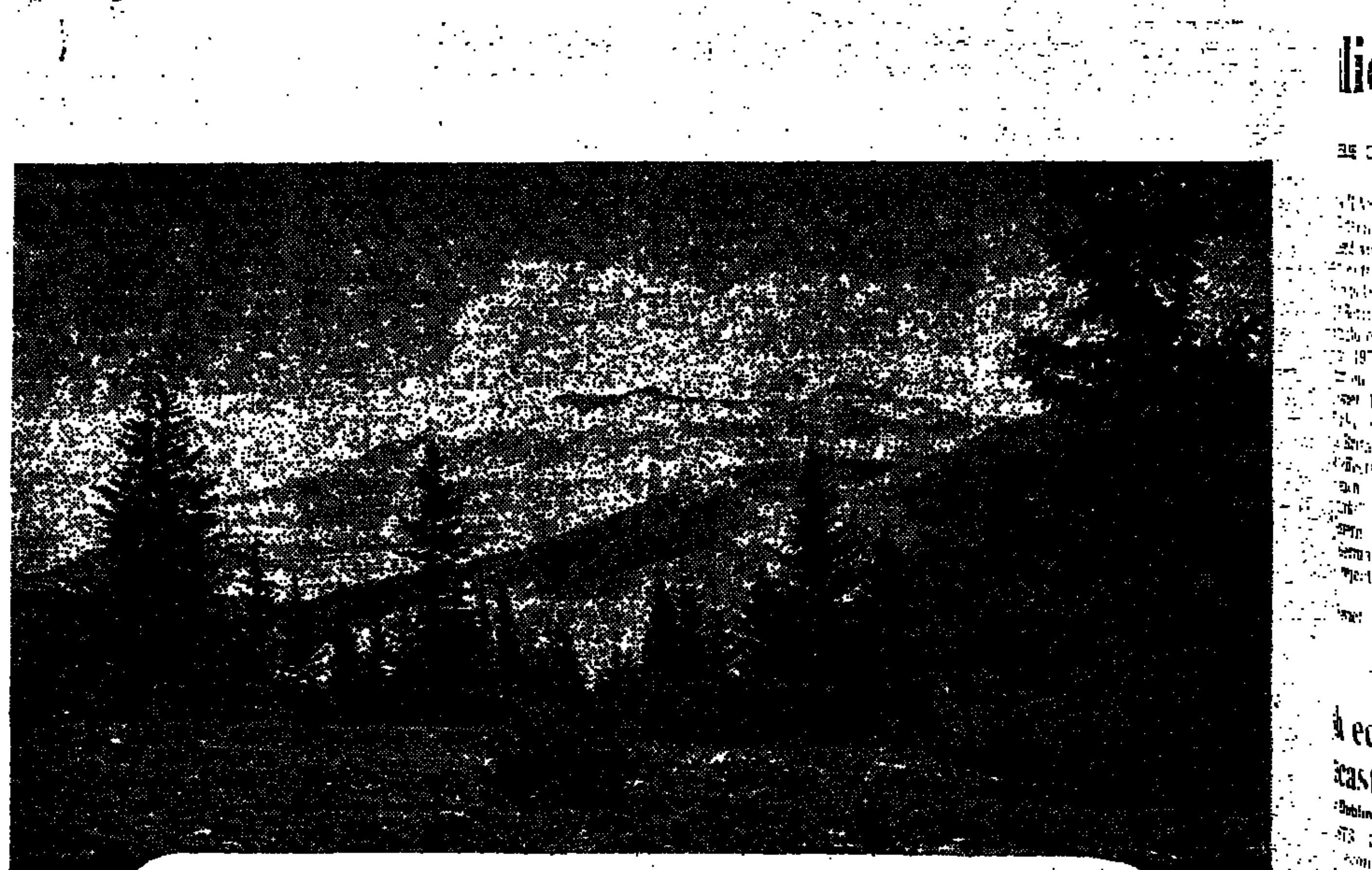
The commission's 18 members included officials from the Ministries of Oil, Industry, Finance, Labour, Fisheries, Consumer Affairs, Agriculture, Social Affairs, and the Environment, plus an official of Statoil, the state oil company, a couple of businessmen from central and northern Norway, and a marine biologist from Norway's Ocean Research Institute.

Their broad mandate explains why the report has taken three-and-a-half years to produce. They were instructed to "initiate, and co-ordinate, studies and research . . . to map the consequences which petroleum activity north of 62 degrees N, may have for the marine environment, including fisheries, population patterns, business and industry and community life generally in the affected areas . . . and to collect environmental data . . . regarding currents, wind, waves, ice conditions, etc."

The report assumes a time lag of nearly 10 years between the first oil or gas find north in the area, and the start of production of that find. While today's technology could be used to exploit the first discoveries, over the longer term—and for finds in deeper water—new types of platform may be required.

Oil spills probably represent less of a threat to fish stocks than previously believed, the report claims. Most vulnerable will be the plants and living creatures along the coastline. Even after oil from a spill has lost its toxic effects, it will continue to damage sea birds and other forms of life in this zone, as well as polluting fishing gear and boats, the report points out.

While it discusses the way petroleum finds might be exploited to create new industry and job opportunities in northern Norway, the report stresses that most of whatever is found will have to be exported, either by pipeline or by ship. This is because a find large enough to be worth developing would be too large for the market in this sparsely populated part of the country.



Comecon voices criticism over Afghan invasion

BY CHRISTOPHER BOBINSKI IN WARSAW

THE SOVIET Union's Eastern European allies have let the Soviet leadership know that they are unhappy about the effects on East-West relations of the invasion of Afghanistan.

According to reports in Warsaw, speeches delivered by East European leaders at last week's Warsaw Pact summit here were restrained in their support of the Soviet move.

Both Mr. Edward Gierek and Mr. Janos Kadar, the Polish and Hungarian party secretaries failed to express outright support for the invasion and senior party officials here described Mr. Gierek's speech at the meeting as "balanced." Such understatement in Communist terms in effect signals disapproval.

At the meeting Mr. Nicolae Ceausescu, the Rumanian President, was openly critical of the Soviet action. One Western diplomat said the discussion at the Pact summit was at times "heated" and "it was 6-1 on the question of Afghanistan."

It seems unlikely that the Soviet Union will be much swayed by this Eastern European reaction but the Warsaw Pact meeting does point up the growing community of interest between the European countries who see their future endangered by the present growth of tension between the super powers.

Poland, for example, with a \$18bn (£7.7bn) debt to the West to service, is keenly aware of the difficulty of raising loans in an atmosphere of East-West tension.

Almost half of Poland's raw materials imports also come from outside Comecon and imports of modern technology and equipment come from the West.

Mr. Edward Gierek, secretary of the Polish Communist party—failed to express support for Moscow's move

Other Eastern European countries are also feeling the pressure. Last week Intrac, an East German finance corporation, shelved plans to float a \$150m Euro-credit when it became clear that Western bankers were unwilling to lend to a hardline Comecon country.

The fact that the Eastern European countries do have a common interest in the maintenance of detente, emerged during the meeting between Herr Helmut Schmidt, the West German Chancellor, and Mr. Gierek in Belgrade during President Tito's funeral. At that meeting Mr. Gierek made it plain that he thought no good could come of the Soviet move in Afghanistan and argued forcefully that Herr Schmidt should travel to Moscow to see President Leonid Brezhnev. Mr. Gierek was also keen to ensure that last Monday's meeting in Warsaw between Mr. Brezhnev and the French President, Valery Giscard d'Estaing should take place.

The French leader was reportedly very forthright in his opposition to the Soviet action during this meeting, much more so than Mr. Francois-Poncet, the French Foreign Minister, had been when he met Mr. Gromyko in Paris at the end of April.

One of the aims of the French-Soviet meeting was to convey to the Soviet leadership the strength of Western feeling on the issue and warn them not to expect Western opposition to die away as quickly as happened after the invasion of Czechoslovakia in 1968.

The Polish leadership is happy to continue to play the role of intermediary between East and West and a radio commentary following Monday's meeting clearly hinted that Warsaw would be happy to facilitate any Soviet-U.S. contact.

"Poland." Warsaw radio says, "wishes to contribute to a renewal of the dialogue between both the countries which decide the fate of world peace and the political atmosphere."

Swedish workers face layoff

By William Dullforce in Stockholm

MORE SWEDISH companies will have to lay off workers after Whitsun, as a result of the dockers' strike which has halted much of Sweden's exports, the companies announced yesterday.

The Government has called the parties involved in the dockyard conflict to talks this afternoon in an effort to break the deadlock.

The strike, by 2,000 members of the maverick Harbour Workers' Union, statred on May 12, the day when 800,000 Swedes returned to work after ten days of strikes, lock-outs and working-to-rule. Some companies have been unable to ship goods for nearly four weeks, and fear they are losing their foreign customers.

Volvo announced on Tuesday it would lay off car workers next week. It has already sent home 1,250 workers from its plant in Ghent, Belgium, because components could not be shipped from Gothenburg.

SSAB, the state-owned steel company, yesterday started to negotiate with the unions the lay off of some 2,000 workers at its Luleas works. The company's stockyards are full, and it has been unable to meet delivery dates for orders from Japan.

The key to the problem is the stuggle between the Transport Workers' Union, which belongs to the LO, the federation of blue-collar unions, and the Harbour Workers' Union, which is outside the LO and is not bound by the May 12 pay settlement.

The dockers are striking for the right to negotiate their own wages with the stevedore companies, instead of having to accept settlements based on agreement first made with the Transport Workers' Union.

CALL FOR NEW DRAFT BUDGET

MEPs backtrack on farm spending

BY WALTER ELLIS IN STRASBOURG

MEMBERS OF the European Parliament have given up their fight to cut EEC agricultural spending. By a large majority yesterday they called on the Community's Council of Ministers to present a new draft budget based on recent proposals by the European Commission.

These would increase farm spending by an average of 5 per cent—more than twice the average of 2.4 per cent which the parliament rejected last December when it threw out the Council's first attempt at a 1980 budget.

British Conservative and Labour members all voted against the motion but were hopelessly outnumbered. MEPs from the Continent and Ireland have become increasingly anxious about the effects of the missing budget and were determined yesterday that something should be done to ease the financial plight of Europe's farmers.

Mrs. Barbara Castle, leader of the British Labour delegation, said afterwards: "The budget revolt has fizzled out under pressure from the agricultural lobby. The agricultural lobby is now the Community."

Yesterday's decision does not, in fact, bring an 1980 budget much closer to adoption. The row over the size of Britain's contribution and the effects of the Anglo-French lamb war mean that arguments are bound to continue at council level. Neither Mrs. Margaret Thatcher, the Prime Minister, nor President Giscard d'Estaing of France is likely to concede ground easily.

For the parliament however, the decision could prove historic. Last December's rejection of the draft budget was widely seen as a bid for power by the parliament and sent shock waves through the community capitals. It was felt that the directly-elected parliament was seeking to join the council as a major decision-making body, and national governments were alarmed.

Now the parliament — in deference to the needs of farmers and the smooth running of the community—has abandoned this position. Ironically, it was Mr. Pieter Dankert, the author of the December revolt, who drafted yesterday's resolution.

He felt it was essential that a budget be adopted rapidly after next month's EEC summit in Venice. His motion—which survived all attempts at amendment by British members—stated that if the Council could not make farm policy decisions by June 1, a draft budget should be based on the Commission's proposals of February 29, updated on April 30.

Such an approach not only reverses the parliament's own stand on the need to reduce agricultural spending, but could lead to further furious debate in Venice. Mrs. Thatcher is determined to lessen Britain's Community contribution and sees a cut in the farm budget as vital for this purpose.

Tories block sheep vote

BRITISH CONSERVATIVE members of the European Parliament infuriated other political groups yesterday when they managed to block a decision of the house in favour of introducing Community intervention for sheep-meat, Walter Ellis writes from Strasbourg.

Members had voted by a wafer thin majority of 91 to 89 in favour of intervention, whereby the Community would buy up surplus production. But Mr. James Scott-Hopkins, the Conservative leader, then demanded an electronic roll call to establish whether the necessary quorum of members was present.

When this was taken, the Tories refused to push their buttons so that no quorum could be recorded. No further voting on the sheep meat report could be permitted and the document, including its clause on intervention, was taken off the agenda, to be restored at a later date.

British members of the parliament, as well as the European Commission are resolutely opposed to intervention on the grounds that it leads to chronic surpluses and adds enormously to agricultural spending.

Pandolfi may seek presidency of Commission

BY RUPERT CORNWALL IN ROME

THE ITALIAN Government is believed to be sounding out its Community partners on whether Sig. Filippo Maria Pandolfi, the Treasury Minister, would be an acceptable candidate to succeed Mr. Roy Jenkins as President of the Brussels Commission when his term expires at the end of this year.

Normally, it would be the turn of one of the smaller countries—Ireland, Denmark or Luxembourg—which have not so far had the presidency of the Commission—to provide a candidate.

Italy held the post briefly in the early 1970s in the person of Sig. Franco Maria Malfatti—who won few friends in Brussels with his decision to resign before his term expired.

But indirect confirmation of the Pandolfi candidacy came from Sig Emilio Colombo, Italy's Foreign Minister, in Strasbourg this week, when he said that Italy had its own candidate to succeed Mr. Jenkins. Hitherto, the two most widely canvassed possibilities have been Mr. Finn-Olav Gundelach, at present Agriculture Commissioner, and Mr. Gaston Thorn of Luxembourg.

The final decision is due to be taken by leaders of the Nine when they meet for the European Council session in Venice on June 12 and 13.

Several internal political factors may explain Sig. Pandolfi's possible candidacy. He commands wide international respect and is the present chairman of the International Monetary Fund's important interim committee.

He is said to be increasingly disillusioned with Italian domestic politics.

His exasperation has been further fanned, it is believed here, by the unending deadlock over nominations to head several major Italian savings banks. Theoretically, this is a task for the Treasury Minister and the Government's credit committee, based on a list of candidates put forward by the Governor of the Bank of Italy.

But unedifying political infighting between parties and their factions, anxious to get their own men in what are considered key economic vantage points, has blocked progress.

Polish housing under attack

BY OUR WARSAW CORRESPONDENT

POLAND'S house building programme came under fire yesterday at a session of the Parliament in Warsaw as speaker after speaker attacked the rate and quality of housing development.

The critical tone of speeches by the deputies, who usually reserve their more outspoken remarks for private committee sessions, would suggest that Mr. Adam Glazur, the head of the Construction Ministry, has lost the support of the leadership and may soon resign

Mrs. Halina Skidniewska, an architect and vice-chairman of the Parliament, set the scene with a speech referring to "the dormitory towns in concrete deserts" which were now being built. The majority of Polish housing development is concentrated on high-rise blocks of flats in peripheral urban estates.

In her speech, Mrs. Skidniewska warned of the "serious social disturbance" which could arise if present policies were continued. The system of housing allocation, quality of workmanship, and waste of materials and machinery, on the building sites, along with the lack of shops and transport on the new housing estates, all came in for criticism.

Speakers also noted that the housing queue is growing longer. Last year, some 285,000 flats were completed, a drop of 7,000 from 1978. In that year there were 1.3m people on the housing list, while by last year the figure had grown to 1.5m. The housebuilding plan in 1979 was underfulfilled by 15 per cent.

Allies reject Moscow protest

BY LESLIE COLITT IN BERLIN

MOSCOW HAS protested to the three Western Allies in Berlin over alleged anti-Soviet remarks made by leading West German opposition politicians this week in West Berlin. It said they were "absolutely incompatible" with the 1972 Four Power agreement on Berlin.

The Soviet Embassy in East Berlin called on the Allies — the U.S., Britain and France—to take "effective measures" to prevent such "provocative acts and remarks" against Moscow. The Western powers and the West German Government swiftly rejected the Soviet charges.

The Soviet protest accused Herr Franz-Josef Strauss, the CDU-CSU candidate for the chancellorship in the October election, and Herr Helmut Kohl, the CDU chairman, of "grossly insulting" Moscow at the opposition's party congress here earlier this week. It said they deliberately distorted Soviet foreign policy and thus "cast into doubt the policy of detente" which had made possible the Four Power Berlin accord.

The protest was an unexpected foray by Moscow into the West German election campaign. Although the Soviets make no secret of favouring Chancellor Helmut Schmidt over Herr Strauss, they have, until now, refrained from taking sides as this could be used as ammunition by the opposition.

The CDU in Bonn sharply rejected the Soviet criticism and the Bonn Government condemned the Soviet attempt to "prevent political opinions from being freely expressed in Berlin."

An Allied official in Berlin said the Western Allies rejected the arguments by the Soviet side and reaffirmed that the "practice of free speech would continue to be respected" in the Western sectors of Berlin.

Irish economy forecast halved

By Our Dublin Correspondent

FORECASTS FOR growth in the Irish economy have been more than halved by the Economic and Social Research Institute, one of the country's leading economic institutions. In its quarterly commentary, it predicts a growth rate for 1980 of 1½ per cent against a 3 per cent forecast in its last report.

The Institute is gloomy about the prospects for next year as well, on the grounds that high inflation and high borrowing will mean Ireland will not immediately benefit from the easing of the world recession.

The Institute also forecasts an improvement in the balance of payments deficit. On present trends, this could be as low as £600m, against £765m last year. Unemployment, the Institute adds, could reach 100,000 by the end of the year.

Portugal prices up 0.7%

BY JIMMY BURNS IN LISBON

CONSUMER prices in Portugal rose 0.7 per cent last month compared with March, representing an annual rise of 19.6 per cent, which shows a significant advance in the fight to reduce inflation.

The improvement has been largely the result of a package of anti-inflation measures introduced earlier this year. The Government revalued the escudo by 6 per cent and introduced a price freeze by using its control over subsidies.

Nevertheless the optimism now evident is tempered by uncertainty on the labour front. Portugal is facing a general election in October and the Communist - dominated trade union Intersindical has warned that it might use its power to influence the Government in the coming weeks.

The Government has indicated that it wants salary increases this year to be pegged to the official inflation target. The unions have stopped short of a full offensive but have demonstrated increasing inflexibility with a series of recent stoppages and strikes.

The unions have traditionally used the period leading up to the summer holidays to step up industrial activity particularly in the more important sectors of the economy which are due for renewal of labour contracts.

The latest wave of unrest involves nearly 300,000 metal, dock, and chemical industry workers in private and public companies. Their unions are pressing for wage settlements well above the Government target.

Europeans 'facing slow growth'

BY DAVID MARSH

THE MAIN European economies are set for five years of slow growth and rising unemployment. But inflation will come down gradually from its present high levels, and exchange rates will become more stable as governments continue to emphasise tight monetary policies, rather than traditional Keynesian measures, to boost demand.

That is the main conclusion of a detailed forecast for the French, West German, Italian and UK economies published by the Economist Intelligence Unit.

The report is published in conjunction with the economic forecasting unit at the University of Hamburg, and the Bologna-based Prometeia forecasting group.

Unemployment in the four countries is expected to climb to more than 9 per cent of the workforce by 1985, from the 5 per cent average during 1974-79.

Real economic growth, which averaged 3.8 per cent last year, is likely to fall to 0.8 per cent in 1980, and recover only slowly, to 2.2 per cent in 1985.

The report, however, foresees an improvement in the average inflation rate to 7 per cent by 1985, from 11½ per cent this year.

Despite North Sea oil, the UK is expected to fare the worst on growth, averaging only 0.6 per cent a year up to 1985. France will have the worst unemployment rate, exceeding 11 per cent by 1985. Italy is likely to have the poorest record on inflation, expected to average around 13 per cent between 1979 and 1985.

German performance will be better on all these scores. But this will be at the expense of a prolonged and substantial deficit o nthe current account of its balance of payments. In contrast, France, Italy and the UK are expected to be in rough balance or small surplus for most of the time.

President Fidel Castro is picking his refugees carefully, **David Buchan** writes from Key West, Florida

Testy U.S. welcome for Cuba's unwilling blue-collar refugees

CUBAN BOAT people keep coming across the 90-mile Florida Strait to Key West—68,000 in a month. But the joy of arrival is evaporating as more refugees are being despatched against their will. U.S. immigration officials are privately worried about the criminals they may be admitting, and the makings of a backlash are appearing on the U.S. mainland.

Interviews with refugees and officials here indicate President Fidel Castro is carefully picking whom he exports: unskilled or semi-skilled blue-collar workers for the most part, a smattering of middle-aged professional people—but rarely the newly qualified teacher, doctor or engineer—a mixed bag of prisoners and relatives of Cuban exiles—not nearly as many as they want but enough to fuel their opposition to President Jimmy Carter's clampdown on boats setting out anew for Cuba.

Havana's whims show in the reports of Cuban Americans who have usually paid large amounts of cash to hire boats to Mariel, the north coast Cuban port and refugee collection centre. Sr. Jose Hernandez, 16 years a Miami lorry driver, failed after a 21 day wait in Mariel to get two brothers, three sisters, and two nephews he sought.

A woman got out her brother—an engineer of standing deemed to have repaid the Cuban state his education costs—and a trainee teacher niece—luckily, a month before she was due to graduate—but not a relative who had just qualified as a nurse.

A bizarre sight among the docked Key West boats was the Cullen Bay, a North Sea trawler originally out of Grimsby and owned by a Briton, but skippered by a young German, Herr Jorgen Mueller. Herr Mueller's trip to Mariel was typical.

He took with him 32 Cuban exiles who between them made a list of 700 relatives. At Herr Mueller's insistence, this was whittled down to 350. The eventual quota of relatives the Cubans allowed to go was 36. The other 150 Cubans forced on the Cullen Bay were unknowns, although possibly requested by other Cuban exiles.

"If we could have laid them on top of each other in the hold, we could have taken 400," said the enterprising Herr Mueller. He insisted that neither he nor his owner were ferrying refugees for the money. But many boat owners have made $30,000 to $40,000 for the trip, immigration officials say.

A sample of 1,000 refugees earlier this month showed 19 per cent were ex-prisoners. They can apparently be spotted easily, because the men all wear "yolk yellow or lime green" shirts and the women, mainly prostitutes, have been issued a uniform type of flower print dress, one immigration officer said.

She would have liked to send most of the ex-prisoners right back to Cuba, although clearly an artist arrested for robbing the state by selling one of his own paintings did not, for instance, merit this fate. Orders from Washington, however, are more liberal, and only 1 per cent of all the refugees have been classed as "undesirable," with the UN High Commissioner for Refugees called in to help find them a home outside the U.S. Prisoners are loaded at Mariel regardless of their wishes or those of the boat owners.

The others want to leave, and are assured of a sober welcome at Key West. Businesslike immigration officers check their papers, and ring any relative they may have in the Miami area, while customs officers check their small satchels for anything which may carry the African swine fever which has broken out in Cuba.

They then pass under a sign in Spanish — "When a people emigrates, tyranny trembles" (a slogan of Bay of Pigs Days) —get a meal and a drink, and a pack of Marlboro cigarettes and sleep in a big aircraft hangar on Key West. Within 24 hours, they are on their way to begin serious examination of exactly who they are and where they will settle at processing centres in Arkansas, Pennsylvania and Florida.

It is low-key treatment now—symptomatic of the apprehension of the tensions and job competition the Cubans may bring into an America grown increasingly testy because of economic recession, and made aware again of its fragile social stability by this week's Miami race riots. A poll by Newsweek Magazine conducted last week showed that 59 per cent of Americans thought it was too difficult and expensive to take in so many Cuban refugees.

Out of fuel off Florida, the crew of a launch (left), on its way to pick up Cuban refugees, is transferred to another boat.

Balanced budget faces defeat, O'Neill warns

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

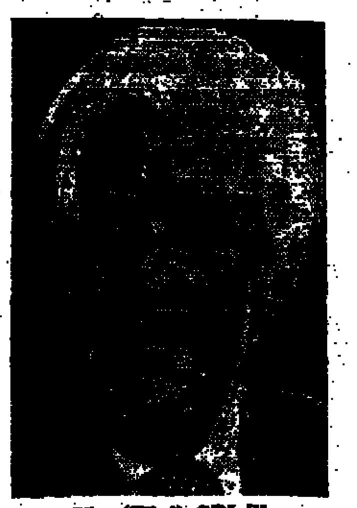
MR. "TIP" O'NEILL, speaker of the House of Representatives, warned yesterday that a tentative Congressional agreement on a new balanced budget could well be defeated on the floor of his chamber in the weeks ahead.

On Wednesday night, after a bitter "guns-versus butter" debate, the joint House-Senate Budget conference committee *settled on a $613.3bn* budget for the next fiscal year, which would produce a small surplus of $500m.

This includes $153.7bn allocation for defence spending, $18bn more than the probable figure for the current fiscal year, and commensurate cuts on domestic outlays.

Earlier, the House had proposed spending $147.9bn on defence, and the Senate a much higher $155.7bn. The compromise total, much closer to the Senate's demands, has angered members of the House, mostly liberal Democrats, who are concerned about the deteriorating economy.

Mr. ONeill said yesterday that at least 40 Democrats who had voted for the original House version could be expected to oppose the compromise package: in that first vote almost all House Republicans opposed the motion, mainly on the grounds that it did not allocate enough to defence.



Mr. "Tip" O'Neill

The proposed budget does not set aside President Carter's proposed oil import fee revenues to assure that the budget is indeed balanced. This idea, of course, is already in trouble in both houses of Congress: yesterday the Ways and Means Committee added its name to the bodies who have formally opposed its implementation—though the President has promised to veto any Bill preventing its already delayed enactment.

New boost to housing as borrowing limits raised

BY STEWART FLEMING IN NEW YORK

IN A new move aimed partly at boosting the depressed U.S. housing industry, the Federal Home Loan Bank Board has adopted new rules to permit savings and loan associations (S and Ls) to vastly increase their use of funds borrowed from the financial markets.

S and Ls have historically depended on small savings from individuals for the funds which they use to finance the bulk of home loans made in the U.S., but they have also been allowed to borrow the equivalent of 15 per cent of their deposits in the financial markets.

The Board has now ruled that the S and Ls can now borrow up to 50 per cent of their total assets in the markets. It estimates that this will increase the limit on potential outside borrowings from $70bn to $290bn.

The change holds out the prospect of a considerable increase in the liquidity of the S and L industry at a time when many institutions will be anxious to expand their lending in order to reduce the drag on their earnings of a large volume of loans made at low, fixed interest rates.

In an associated step, the Bank Board has also eased the terms under which the S and Ls can sell mortgage bank securities to institutional investors, such as insurance companies and pension funds.

Mr. Jay Janis, chairman of the board, said the eased rules were needed because the S and Ls could not possibly meet the housing demands of the 1980s without such a change.

"The decade will see increased competition for individual savings accounts as a result of recent legislative changes but there will be concern that if too much liquidity is created in the housing industry, this will further exacerbate inflationary rises in house prices," he said.

U.S. energy policy near completion

By David Lascelles in New York

THE LAST block in President Carter's energy policy will shortly fall into place following agreement between the House and Senate on a new Bill to finance a whole range of non-oil energy projects.

Late on Wednesday, the two Houses produced a compromise Bill which earmarks $20bn in Federal subsidies, with provision for considerably more later, to reduce U.S. dependence on oil, and develop new fuel sources. The money will come from the windfall profits tax which came into effect in March, effectively recycling part of the profits from higher oil prices back into energy development.

Most of the money will go to spur development of synthetic fuels—gasified and liquefied coal, and oil shale. But the Bill also provides for solar energy, waste conversion, geothermal and hydroelectric energy, "gasohol," even wood-burning stoves. The money will be administered by a number of Government agencies, notably the new Synthetic Fuels Corporation.

Passage of the synthetic fuels Bill will complete Mr. Carter's energy trilogy, which so far consists of the windfall profits tax and the Energy Mobilisation Board, which was set up to speed priority energy projects.

Trudeau sounds out reforms

By W. L. Lueckens in Montreal

MR. PIERRE TRUDEAU, the Canadian Prime Minister, has followed up the Federal victory in Tuesday's Quebec referendum by sending his Justice Minister, Mr. Jean Chretien, on a lightning tour of Canada's 10 provincial capitals to sound out opinions on constitutional reforms Mr. Trudeau undertook to work for during the referendum campaign.

On the night of the referendum, as it became clear that the electorate had refused the Parti quebecois a mandate to negotiate sovereignty, voices from all over English-speaking Canada called for reforms to accommodate provincial ambitions — especially those of Quebec.

In announcing Mr. Chretien's mission to the House of Commons on Wednesday, Mr. Trudeau said that all but two issues would be negotiable: Canada must remain a true federation, and the language rights of French and English Canadians must be guaranteed across the country.

Bland though htat may sound it is actually a political tinder box as the West is very sensitive about language rights.

Manitoba, with a small French population, resists the idea that the special rights for French in schools and government should be given entrenched status in future constitution.

OPEC rises hit Brazil

BY DIANA SMITH IN BRASILIA

BRAZIL's overstrained trade account has been dealt a severe blow by the latest round of Organisation of Petroleum Exporting Countries price increases, especially the $2 rise announced by Iraq, which supplies 400,000 barrels a day—45 per cent of Brazil's imported crude.

According to Sr. Carlo Sant' Anna, Marketing director of Petrobras, the national oil monopoly, the May round of increases will add $1.5bn to this year's oil bill, raising it to $11bn.

Brazil's goal of balancing trade at $20bn. each of imports and exports this year, set on a basis of an oil bill of $9bn-$0.5bn, seems impossible to achieve.

Before the new OPEC prices were announced, the Government had placed a 15 per cent tax on foreign exchange dealings for import purposes although oil purchases were exempt.

Despite the rising cost of purchases abroad through regular devaluations of the cruzeiro non-oil imports have not tapered off. By the end of March, the trade gap had mounted to $1.38bn.

The immediate result, domestically, of the new OPEC prices will be an increase in the price of petrol on May 29 to Cr 1 (15 pence) a litre.

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OVERSEAS NEWS

Soviet Union wins the popularity test in Islamabad

BY DAVID HOUSEGO IN ISLAMABAD

BEFORE this week's conference of Islamic foreign ministers in Islamabad, Western diplomats tended to see it as a gauge of the strength of U.S. and Soviet influence in the Middle East and South-West Asia.

According to that view, the scorecard has been firmly in the Russians' favour. The representative of the Palestine Liberation Organisation at the meeting pointed to 17 separate condemnations of the U.S. in conference resolutions.

More important, the Moslem world has shifted its position. From its stand against Soviet aggression, it has moved towards talking with the Russians and representatives of the Kabul Government about the terms of a political settlement.

There are two main reasons. Since January, when the Islamic Conference so strongly condemned the Soviet invasion, the Gulf states and Pakistan have come to share a common view that the U.S. is either unwilling or unable to challenge the Soviet Union in South-West Asia. For Pakistan, the front-line state for Afghanistan, the failure to extract from the U.S. the funds or guarantees which it considered necessary for its security has meant it feels it can no longer confront its neighbour. However deeply the Russians may be bogged down in Afghanistan, and whatever the insurgents' claims of success, the Pakistanis feel the Russians are there to stay, and that realistically they must come to terms with some form of Soviet presence across the border. Hence they have led the movement towards a political solution.

The second reason, as Prince Saud Bin Faisal, the Saudi Foreign Minister, put it yesterday is that there will always be limits to U.S. influence in the Middle East until the U.S. defines the limits of its commitment to Israel. The U.S., Prince Saud says, cannot apply the double standard of condemning the Russion occupation of Afghanistan while endorsing Israel's continuing occupation of Arab lands.

In distancing themselves from both superpowers—and, in the case of Afghanistan condemning the Russian invasion and launching a political initiative to get the Russians out—many participating states have come to see the Islamic conference as laying claim to the middle ground once the preserve of the non-aligned movement. With it, they are laying claim to the moral leadership which has slipped from the movement because of the movement's increasingly pro-Soviet attitudes under Cuba's chairmanship. To quote Prince Saud again: "A non-aligned nation (Afghanistan) was occupied by a superpower and the non-aligned movement did not raise a finger against it."

It was at Saudi insistence that an amendment was inserted into the resolution establishing the new ministerial committee on Afghanistan to ensure there was no backtracking from last January's conference demands for Soviet troop withdrawals and the right of the Afghan people to choose their own government.

Pressures similar to those which divide the non-aligned movement are at work in the Islamic Conference, and are reflected in the differences between the pro-Soviet states, led by Libya and Syria, and the more conservative bloc. Largely because of the parallels between the two organisations, and because such countries as Iraq — the next chairman of the non-aligned movement have dual-membership of both organisations, a lobby within the conference succeeded in opening the door to the non-aligned movement participating in the Afghan initiative.

The committee has a broad mandate to consult who it wants. Most Western diplomats undoubtedly hoped that, if the conference did opt for seeking a political solution, this would be along the lines of keeping up the maximum political pressure on the Russians. The terms of reference and composition of the committee suggest it will be more concerned with achieving a political agreement enabling Pakistan and Iran to live with its Soviet-dominated neighbour.

In limiting membership to these two states, Mr. Habib Chatti, the Secretary-General of the Islamic Conference, and the Moslem nations have gone some way to meeting the Soviet-inspired Afghan proposal, made 10 days ago, for direct talks between Afghanistan, Iran and Pakistan. This proposal linked possible Soviet troop withdrawals with guarantees of non-interference in Afghan affairs.

There must be doubts as to how effective such a committee can be. Mr. Agha Shahi, Pakistan's able foreign affairs adviser, and the leading proponent within the Government of turning down U.S. support in favour of talks with the Russians, represents a Government of dubious stability. Equally, Mr. Sadegh Qotbzadeh, Iran's Foreign Minister, is of erratic temperament, and can by no means ensure that decisions he takes carry the full authority of Tehran.

The Afghan insurgent organisations are undoubtedly disappointed by the conference's decision to pursue a negotiated settlement, and some must feel they are being sold down the line. Prince Saud, who spoke yesterday morning to the leader of the five-member Islamic Alliance for the Liberation of Afghanistan, said afterwards: "He does not believe the Soviet Union will respond to a peaceful initiative. He has seen the extent of the Soviet occupation and he has a point."

The insurgent groups were clearly angered at being denied the representation they had sought at the conference. They found little more than verbal support and some financial aid for the 700,000 refugees in Pakistan. Undoubtedly, the pressure of the growing numbers of refugees — Iranian officials here claimed there were similar numbers in Iran—is a factor in both Governments desire to seek an agreement.

None of this rules out continuing strong pressure on the Russians to make troop withdrawals and accept a popularly based government in Afghanistan.

Prince Saud Bin Faisal

But, in the last resort, the conference's decision reflects its measure of the impressiveness of Soviet power in South-West Asia, and that to ignore it would only add to the region's problems.

Seoul threatens to crush rebels

BY RON RICHARDSON IN SEOUL

THE SOUTH KOREAN army today threatened to use massive force to try to control the insurrection in the country's South Cholla province as the rebellion against the government spread to other centres in the region.

Two army divisions have been deployed around the provincial capital of Kwangju, which is now entirely in dissident hands. All roads into the city have been cut, while only limited foot traffic is being allowed into the city of 800,000.

Further south, rioters appeared on the verge of taking over Mokpo after local police were evaculated by sea. Street demonstrations were reported in another 14 cities and towns of the country's south-western province. There were also reports that disturbance had spread to the northern half of Cholla which is administratively divided into two provinces.

But late reports said a group of 26 civic leaders had put forward a seven-point proposal, which would include keeping martial law troops out of the city. The army has promised to consider it. The civic leaders also appealed to townspeople to lay down their arms.

Mr. Park Choong Hoon, the new Prime Minister, flew over Kwangju yesterday to inspect the extent of the problem facing his new administration. Mr. Park broadcast an appeal for calm to residents of the shattered city, but few heard his comments as local radio stations were among the earliest targets of the rioters.

After his return to Seoul, the Prime Minister went on television to assure the country that the situation in Kwangju will soon be restored to normal. But he gave no indication that concessions would be made in an attempt to redress the grievances dissidents claimed had followed the imposition of martial law and a virtual takeover of the country by the army last weekend.

Instead, jet fighters flew low over the city and thousands of troops backed by mortars and machine guns took up positions in an apparent attempt to intimidate the rebels to lay down their captured arms.

The Prime Minister spoke of opening negotiations with the rebels in Kwangju. But eye-witness reports from the city say the dissidents are leaderless, and that government control in the city was overturned by a mass uprising of great intensity.

Groups within the city have issued a statement of demands which include the resignation of President Choi Kyu Hah, and the immediate execution of Lieut.-General Chon Doo Hwan, the leader of a group of generals who are now exercising control over both the army and the government.

Japan Cabinet to decide to invoke sanctions today

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

THE JAPANESE Cabinet will decide today to invoke sanctions against Iran identical to those adopted by the EEC. This will mean that exports to Iran other than those of food and medical goods will be suspended.

The suspension applies to export contracts signed on or after November 4, the date on which the U.S. Embassy in Tehran was seized. Contracts signed before that date are not affected by the embargo.

The November 4 cut-off point will be important for Japan, since it will enable work to continue on the $3bn Mitsui petrochemical project in southern Iran.

Japan has consistently said that this project would be excluded from any sanctions it might adopt. Negotiations on the resumption of "normal" work on the Mitsui project have been under way during the past few days between a senior Mitsui executive and the Iranian authorities in Tehran.

To implement the Iranian sanctions, Japan will have to revise three Government regulations affecting foreign trade and foreign exchange transactions. The regulations are the Export Control Order, the Import Control Order and the Foreign Exchange Control Order.

Egyptians vote on change

BY ROGER MATTHEWS IN CAIRO

THE EGYPTIAN electorate is likely today to give its overwhelming support to two important constitutional changes. These will allow President Anwar Sadat to remain in office beyond his two six-year terms and will also provide for Islamic law to be the source of all Egyptian legislation.

Although voting in yesterday's referendum appeared to be slow, it is expected that a turn-out of over 90 per cent will be recorded.

As in previous referendums, it is anticipated that about 99 per cent of those voting will answer "Yes."

Weizman may quit over cuts

By David Lennon in Tel Aviv

MR. EZER WEIZMAN, Israel's popular Defence Ministry, is once again at the centre of a Government row, this time over budget cuts, which could lead to his resignation and more remotely, precipitate the fall of the present government.

The Defence Minister has refused to accept a decision earlier this week by the Cabinet's inner economic committee, to cut public spending across the board in an attempt to curb inflation which shot up last month alone by 10 per cent.

Mr. Weizman said that he could no longer shoulder responsibility for the country's defence if his Ministry's budget is cut. He rejected Treasury instructions to postpone the signing of any new purchase contracts and accused Mr. Yigal Hurvitz, the Finance Minister, of reacting hastily to the latest inflation figures.

Defence expenditure accounts for 32 per cent of the national budget, and Defence Ministry officials said that such a huge Ministry budget could not be managed if the Treasury continues to indulge in ad hoc budgetry planning and implementation.

The Defence Minister has threatened to resign on a number of previous occasions, but close associates told the Israeli Press that this time the threat is genuine, "because the issue is far more important than the political future of one man."

Mr. Weizman said last month that he favoured early elections, but there is only an outside chance that his resignation would bring about the fall of the Government as he is isolated within his own party and unlikely to bring any other members of the Cabinet out with him.

Luxuries for Zambia—at a price

BY MICHAEL HOLMAN IN LUSAKA

WELL-OFF ZAMBIANS and expatriates have been on a shopping spree for the past four months. Their purchases range from luxuries to necesities, from wine and chocolate to washing powder, from tinned asparagus and mushrooms to toilet rolls, jeans and shoes. The southern border with Zimbabwe is open again, and the Zimbabwe lakeside resort of Kariba is only three hours' drive from Lusaka.

Lusaka residents talk wistfully of the days when Zambia had enough foreign exchange to stock its own delicatessens, in the mid-1960s when Zimbabwe — then Rhodesia — was still developing its import substitution industries in response to economic sanctions.

In the years since Salisbury's unilateral declaration of independence, Zambia has had to battle against three major problems: the cost of sanctions against what was once a major trading partner, the soaring cost of oil, and the disastrous fall during the 1970s in the price of copper, the source of over 90 per cent of export earnings.

It also had to overcome the legacy of the Central African Federation, the union of what were then Southern and Northern Rhodesia and Nyasaland (now Malawi). Between 1953 and 1963, when the federation was dissolved, the South surged ahead, its industries and infrastructure benefiting from the highly inequitable distribution of copper revenue at the cost of education and social services in the North.

Wars in neighbouring States have added to Zambia's difficulties. The Benguela railway to the Angolan port of Lobito—which carried nearly half Zambia's trade—has been closed to through traffic since 1975.

Zambia's problems are far from over, now that the war in the south has ended and Zimbabwe is independent. President Kenneth Kaunda's Government faces a challenge reminiscent of the country's predicament during the federation and before: an economy dependent on copper and cobalt providing a market for the products of Zimbabwe's farms and industries to the detriment of Zambia's efforts to diversify.

This is the lesson of the Kariba shopping list. The traffic is one way. The south-bound traveller is hard-pressed to think of anything produced in Zambia not available in Zimbabwe at a lower price and of better quality.

Whether Zimbabwe will retain these advantages will greatly depend on the capacity of Mr. Robert Mugabe, the Zimbabwe Prime Minister, to keep his economy on an even keel. But, assuming that he can, there is no short- to medium-term prospect of Zambian industry and commerce catching up with its neighbour.

Of course, the settlement has brought some clear benefits. The trade route to the south is now secure, and the Mozambique ports of Beira and Maputo will in time become available. The war's disruptive effects on Southern Province have ended, and Zambia is no longer host to some 20,000 guerrillas and 60,000 refugees. Defence spending should fall, although the country remains saddled with a large, recently negotiated Soviet arms deal on commercial terms.

But peace in Zimbabwe presents the President with a challenge. In the past, he has laid much of the blame for the country's economic ills on the Rhodesia problem. Now it is over, Zambians who cannot afford a shopping expedition to Kariba will expect a real improvement in their lot.

It is difficult to see how the President can meet these expectations. The country has reached the end of the International Monetary Fund's Special Drawing Rights 250m (£142m) programme which began in March, 1978, and which helped Zambia through the worst of its economic crisis. Tentative talks on a further programme are said to be under way, but massive investment is needed if there is to be a marked recovery.

Although the Bank of Zambia has tried hard to reduce arrears in payments for imports and remittance of dividends, which peaked at over Kwacha 500m (£278m) in 1978, they still total K300m, with a 14-month delay. The reduction has not satisfied the British Export Credits Guarantee Department, which suspended Zambian cover in April 1979. The department sustained a net claim deficit of £50m—the worst for any country after Iran and Turkey—and, despite recent talks in London with Zambian officials, is insisting on further reductions in arrears before renewing cover.

Industry and commerce are operating well below capacity, partly because of ageing plant and equipment, and have few or no stocks left. The copper mines need substantial investment in machinery, while the track and stock of Zambia railways have deteriorated so far that the railway's capacity to cope with present traffic is in doubt.

Against this background, the Government launched its third development plan, for 1979-83, calling for investment of K3.354bn (£1.9bn) over the five years. The plan has met a sceptical response from most Western embassies, which regard both growth and funding targets as unrealistic.

The plan describes the five years ahead as "a period of transition from capitalism to socialism," a disquieting prospect for those who believe socialist policies have had little success to date. The critics of the country's economic performance can put up a strong case. Employment stood at 366,000 in December, 1971, and probably does not exceed 370,000 today. A report published in 1977 by the Geneva-based International Labour Organisation, a United Nations agency, has suggested peasants are worse off than at independence in 1964. In the towns, where 40 per cent of the 5.5m people live, the combination of wage freezes and inflation, which reached nearly 20 per cent in 1977 and is still in double figures, has seriously eroded standards of living.

President Kaunda has shown himself adept at balancing tribal and factional rivalries, shuffling the holders of senior positions, leaving no obvious successor, and supporting Southern African liberation movements despite the cost. But the seven-year Rhodesia war helped to unify Zambia as well as to explain economic difficulties. It would be ironic if peace in Zimbabwe allowed President Kaunda's opponents to fan domestic discontent.

S. Africa Colgate row grows

By Quentin Peel in Johannesburg

COLGATE-PALMOLIVE, the U.S. pharmaceutical and toiletries manufacturer, accused of refusing to deal with a black trade union in South Africa, has denied that its actions contravene the Sullivan Code of Employment conduct for U.S. companies in that country.

The union—the Chemical Workers' Industrial Union—has claimed that Colgate was opposed to the unionisation of its 300 black workers, in contravention of the Sullivan Code.

The Code, drawn up by General Motors' director, the Rev. Leon Sullivan, has been signed by most U.S. companies operating in South Africa. It commits them to acknowledging the right of black workers to belong to trade unions. Colgate has been considered one of the leading supporters of the Code.

The company statement said that its refusal to meet the union prior to its official registration under the Government's revised labour laws was no deviation from the Code. "Our interest continues to be in the welfare of our employees and not in the discussion of political points as viewed by the unions, or non-registered groups

The CWIU, a member of the non-racial Federation of South African Trade Unions, has applied for registration, but insists it will only do so as a multi-racial union, and not exclusively for black workers as required by the law.

● The two Houses of the All-white South African Parliament sat in joint session for the last time yesterday, to approve a constitutional amendment which paves the way for the abolition of the Senate

ENERGY REVIEW: INDONESIA

BY RICHARD COWPER

Gas likely to be the new export star

OFFICIALS AT Indonesia's state-owned oil company have a new air of confidence that reflects great improvements in the recent performance and prospects of the country's petroleum industry.

Fuelled by a doubling of prices last year, Indonesia's gross earnings from oil and LNG rose from U.S.$7.4bn in 1978 to $10.1bn in 1979, and there has been a revival of interest in Indonesian oil and gas fields. The changing economics of oil exploration and production, coupled with Indonesia's continuing political stability have more than outweighed the fact that most of the oilfields still to be discovered are likely to be relatively small.

The mid-term outook for Indonesia's oil and gas industry has not looked so bright for more than half a decade:

● Net oil and LNG income climbed 77 per cent last year from $4bn in 1978 to $7.1bn.

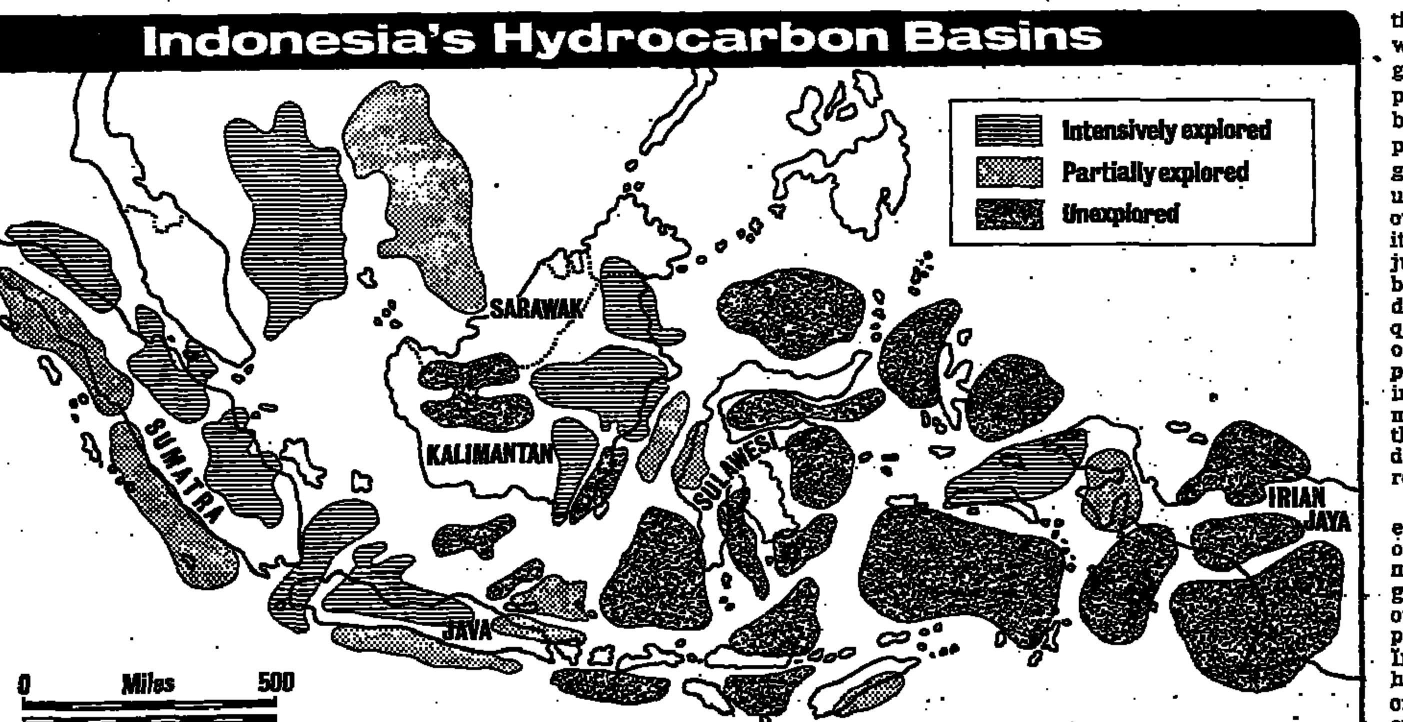
● Though crude oil output is expected to decline for the third year running in 1980, most analysts now believe it will start to rise again in 1981.

● Eight new production sharing contracts were signed last year compared to only two in 1977. This year Pertamina expects 10 to be finalised.

● Exploration activity increased again last year after a decline in 1977. This year should see record expenditure of over $600m.

● Pertamina has, at last, signed contracts for the construction of refinery extensions at Cilicap and Balikpapan which should make the country all but self-sufficient before the middle of the decade. The projects which are due to be completed by 1983 will double existing refinery capacity to 800,000 bpd.

● Arrangements are being made which could treble Indonesia's LNG exports by 1985. There are plans to increase the five existing LNG units at Bentang in East Kalimantan and Arun in North Sumatra to 12 by 1983. This would increase output from 6.3m tonnes in 1979 to over 18m tonnes by 1984/85.



While these developments give cause to be bullish about prospects for the country's petroleum industry, the World Bank is less optimistic. In particular its confidential annual report points to a rapid growth in domestic energy consumption, which it believes, will start making serious inroads into the country's exportable oil surplus after 1985. So much so, the World Bank argues, that exports of crude oil will decline from then on.

This decline in crude exports will ,accordin gto the World Bank, mean growing balance of payments difficulties for Indonesia. By 1985, it predicts, Indonesia will have a $2bn to $4bn deficit. It also believes that the combined net value of oil and LNG will "almost certainly" decline in real terms beyond 1985.

Much of course will depend on the success of Indonesia's evolving energy policy. So far the Government's bid to reduce domestic energy growth and to increase non-oil sources of energy at home has not produced results. While the potential of coal, hydroelectric power and, in particular, natural gas is considerable, such developments are not only extremely costly but they also involve long lead times.

In the event the World Bank's gloomy forecasts could well be proved wrong for two reasons. First, its economic projections are based on the view that oil prices will increase at 3 per cent in real terms per annum after 1981. This assumption is almost certainly too conservative. Secondly, despite its apparent enthusiasm for natural gas the World Bank appears to underestimate the potential of this rising star of the Indonesian economy. The mid- to long-term possibilities of natural gas as a significant source of domestic energy and as a major source of foreign currency are considerable. While oil still has a long future the prospects for gas may perhaps turn out to be much greater.

Estimates of potential oil and gas reserves vary very widely indeed. But as new exploration methods have been applied there has been a marked jump in the last 18 months in commonly accepted figures for proven recoverable reserves. Until recently proven oil reserves were generally accepted by the oil industry to be around 10bn barrels while according to Pertamina proven gas reserves were just over 30 trillion cubic feet. In a paper given to delegates at a recent conference in Singapore Mr. Terry Adams, British Petroleum's regional exploration manamanager, estimated proven recoverable oil reserves at 14bn barrels with proven recoverable reserves for gas at 55 trillion cubic feet — a significant increase compared to Pertamina's figures 18 months before.

Though oil has been produced in Indonesia since the 1880s extraction of natural gas for commercial use has been a comparatively recent phenomenon. Even today nearly half Indonesia's 1.04 trillion cu ft of gas production is flared off. By October last year Indonesia had produced a cumulative total of more than 8bn barrels of oil but only 4 trillion cubic feet of natural gas. On the basis of Mr. Adams' figures for proven reserves, Indonesia has so far lifted some 36 per cent of its known oil resources, but only 6 per cent of its known gas reserves.

If no more oil or gas were discovered and production continued at current rates the oil would run out by 2004 while gas would last until 2032. In practice of course reserves of both could be much higher, particularly those of natural gas; and although oil output is unlikely to change dramatically over the next five to ten years it would be foolish to guess just how much Indonesia will be producing in 1990. Gas production could well begin to rise quite steeply from the middle of the decade as new LNG plants come on stream and an increasing amounts is used to meet domestic demand. All these factors will effect the productive time-spans of the two resources.

Despite these variables however, an increasing number of oil industry experts are beginning to suggest that natural gas, which to date has been overshadowed by crude oil output, may ultimately become Indonesia's most important hydrocarbon resource in terms of exports and feedstock. Some experts now believe that it will become the country's main foreign currency earner by the early 1990s.

Burmah Oil, the UK-based energ yand industrial company, is quietly rubbing its hands in expectation. For the company is currently providing the natural gas carriers that transport the liquefied gas—under pressure and refrigeration—from Indonesia to Japan. Recently Burmah was able to take out of mothballs its laid-up LNG carrier, the Aquarius (the only one of eight vessels not permanently dedicated to the Indonesian-Japan trade) because of an increase in gas shipments.

Projects now in the pipeline could well triple the country's LNG exports from last year's 6.3m tonnes to over 18m tonnes by 1985. Moreover this does not include the possibility of a brand new LNG plant on the Natuna Sea now being examined by Esso in an area where some oil and gas analysts are predicting Indonesia's biggest-ever gas field.

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WORLD TRADE NEWS

S. Africa in major electric locomotive order drive

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICAN RAILWAYS is planning to order 740 new electric locomotives over the next two years, including 100 of the large class 11E models, with a 28-tonne axle load, for use on the rapidly expanding coal export line to the new port of Richards Bay, north of Durban, it was announced yesterday.

The programme, which will include an increase in track electrification, is likely to mean a series of major contracts for overseas suppliers, in addition to several which have already been agreed. So far Japanese and European contractors have won the biggest orders.

A decision to speed up electrification was taken last year in the wake of the latest surge in oil prices, and in particular South Africa's loss of guaranteed Iranian supplies, leaving the country exposed to any potential oil embargo. The railways' aim is for 85 per cent of its traffic to be electric powered by 1990.

South African Railways has already awarded two major contracts for class 7E locomotives, for use with 25kv AC current, in the past year. Nissho-Iwai, of Japan, won an order for 50 engines costing some R36m (£19.67m), and the European 50-Cycle Group, based in Zurich, won an order for a further 25, costing R845,000 each, all for use on the Richards Bay line.

Future plans are to buy a further 165 of the class 7E model, primarily for the electrification programme, which, it is intended, will concentrate on AC transmission. However, the buying plans also include 100 class 8E 3kv DC locomotives for shunting, and a further 135 class 10E models—a new generation of 3kv DC locomotives to replace the existing class 5Es.

To cope with the normal increase in traffic, the railways intend to buy a further 240 class 6E 3kv DC engines. The biggest of the new acquisitions will be the 100 class 11E locomotives for use on the Richards Bay line, which are in turn intended to free the smaller class 7Es for use on other lines.

With South Africa planning to step up its coal exports, primarily through Richards Bay, to some 44m tonnes by the mid-1980s, the coal line will be one major area of expansion.

Six locomotives with a similar capacity have also been ordered recently from GEC in Britain for the Sishen-Saldanha line, carrying iron ore. These are 9E 50kv AC locomotives, costing some R1.9m each.

One consequence of South African Railways' rapid expansion of capacity in recent years has been that spare capacity has existed to relieve the landlocked states of central Africa, like Zambia and Zaire, in spite of their political objections to the South African government.

Although the Zimbabwe settlement allows the rail routes through Mozambique to be reopened, restricted capacity on the lines, as well as similar problems on the Tan-Zam railway to Dar-es-Salaam, and security problems on the Benguela railway line through Angola, mean that South African Railways are likely to continue to provide a major access to the sea for virtually all the black states of central and southern Africa.

U.S. alters stance on safeguards

BY BRIJ KHINDARIA IN GENEVA

THE EEC's row with the U.S. over imports of synthetic fibres and chemical products has considerably weakened the community's position in its battle at the Geneva-based General Agreement on Tariffs and Trade (GATT) to win the right to apply import curbs against selected suppliers, without first consulting either the exporters or other GATT members.

Irritated by Britain's unilateral curbs against imports of U.S. produced synthetic fibres the U.S. has withdrawn its support for the Community's demands to alter GATT Article 19 so that it would allow selected use of import curbs as safeguard measures to protect home industries severely hurt by cheaper imports.

In its existing form Article 19 allows curbs only if they are applied equally to all suppliers. It also entitles the U.S. to seek compensation from Britain or the Community as a whole for the restrictions on synthetic fibre imports if it can demonstrate that the subsequent effects on British or EEC producers is not sufficient to justify safeguard action by Britain or the EEC.

The U.S. is now trying to take the initiative in the stalled talks here on Article 19 to encourage the Community to reach a compromise with the developing countries, most of which insist that the EEC should not apply selective safeguard measures without prior consultation with the exporting country

Italians still lured by foreign luxuries

By Rupert Cornwell in Rome

IF ITS foreign and not really necessary, then buy it. That might be the watchword of the average Italian to judge by a detailed breakdown of last year's foreign trade statistics just published here.

Four years ago Sig. Rinaldo Ossola, ex-deputy governor of the Bank of Italy and Foreign Trade Minister, urged his compatriots, then in the throes of a currency crisis, to "buy Italian." In 1980, with the country poised on the brink of another payments crisis, it is plain that his exhortations have fallen on utterly deaf ears.

Foreign luxuries would appear to have a magical appeal to the snobbish susceptibilities of the average Italian, and one that only increases as their prices become more prohibitive.

The most serious inroads, have been made by foreign cars, which now hold some 40 per cent of the national market. Their import cost L3,142bn (£1.62bn), exactly 40 per cent up on 1978, and compares with a total trade deficit of L4,725bn (£2.44bn) last year.

But even that increase pales besides those of more exotic imports. Last year, for example, smoked salmon shipments to Italy rose 48 per cent by value to L3.14bn (£1.62bn) lobster and prawn imports by over 60 per cent to L14.3bn (£7.39bn).

Champagne and whisky imports grew by a more modest 26 and 35 per cent respectively, those of diamonds by 41 per cent, and those of cosmetic beauty creams by the same amount.

But deliveries of foreign orchids more than doubled, while consumption of caviar, jumped exactly 94.83 per cent to L3.4bn ($4m).

BRITAIN'S CLOTHING INDUSTRY

Exports offset domestic downturn

BY RHYS DAVID

MORE WARNINGS have been issued in the past week on the serious effects on the British textile industry of the decline in the domestic clothing industry's share of the UK market.

The loss of this important outlet for its production was described as the most serious problem facing wool textiles by Mr Barry Spencer, the president of the Confederation of British Wool Textiles, speaking in Bradford.

Yet while imports are still increasing their share of the British clothing market, leading to renewed appeals for tighter controls, the clothing industry has more or less unnoticed, been doing not too badly at all in its own overseas sales.

The industry has set itself a new target of more than doubling its exports by the mid-1980s to £2bn, and is confidently predicting that it can win the battle to become the leading EEC supplier of apparel.

This surprisingly optimistic assessment, put forward recently by Mr Hans Jacoby, chairman of the Clothing Export Council (CEC) is based on the success the industry has already had in boosting its sales to the Continent.

For all its problems Britain's clothing industry last year had a surplus on its trade with seven of its eight EEC partners, the sole exception being Italy. Though imports from high-cost countries including the other EEC members have been rising, the CEC reckons Britain's industry is better adapted to take advantage of opportunities in Europe than any of its competitors, as a result, it will win for itself over the longer term an increasing share of intra-EEC trade.

Whether or not it amounts to the professional optimism of the exporter, the salvation of the UK industry, according to Mr. Jacoby, has been its reluctance to concentrate in specialised areas and its insistence instead of remaining a multi-purpose, multi-sized and multi-product producer. As a result, he claimed, the industry—unlike its counterparts in some European countries—had retained the flexibility to supply the goods required by the market.

1979 UK TRADE IN CLOTHING

	Exports £m	Imports £m
Benelux	85.0	32.8
Denmark	29.5	5.9
France	57.9	48.4
W. Germany	69.1	54.1
Ireland	132.8	73.4
Italy	18.1	123.1
Norway	38.8	2.9
Portugal	0.97	59.4
Sweden	47.0	11.8
Switzerland	29.0	9.0
U.S.	35.5	29.6

	1978	1979
Exports	£670m	£751.1m
Imports	£920.7m	£1.2bn

Source: Clothing Export Council

"West Germany has followed the route of concentration, enlargement and rationalisation," he said. "They make a finely-engineered product, well-designed and high quality and, in its class, very competitive.

"However the industry's structure is rigid. It cannot take advantage of changing requirements, social changes and economic influences on the consumer."

Of Britain's other principal competitors Mr. Jacoby claimed the French would fail because their products were too French-orientated and would only have a limited appeal. The Italians were geographically distant from the rich markets of the north, such as Scandinavia, and would be hampered in the full development of their clothing industry potential by rigid exchange controls on the outflow of capital.

The strong position which Mr. Jacoby sees the UK achieving in clothing exports is, in fact, dependent on UK companies taking full advantage of the lifting of exchange controls to exploit garment-making opportunities overseas. It was impossible to ignore overseas supply sources, particularly in the Mediterranean. Indeed there was now among members of the CEC, Mr. Jacoby claimed, a wish to make use of these facilities.

"We see advantages in UK manufacturers having access to overseas sources of clothing production, and we believe multi-sourcing and equalisation of prices (of UK and overseas-made clothing) will provide the best route to maintain production in this country."

The approach which British clothing manufacturers—operating from UK and overseas bases—would adopt in order to establish themselves as primary suppliers to European market was "item marketing." The flexibility of the UK industry had enabled it to develop a range of distinctive products—for example Burberry rainwear, or Scottish cashmere. In order to expand demand for these and similar products it was necessary to tailor them specifically to the requirements of individual markets in Europe.

The Clothing Export Council, Mr. Jacoby revealed, now employed a team of scouts in West Germany who identified market requirements. These were then fed back through the Council's Dusseldorf agency to the UK and on to suitable British suppliers. The UK product was then re-designed so that shape, size, colour and even button-holes, pocket and collar sizes all matched local tastes. In this way a garment different from low-cost imports could be offered.

"The costs in terms of travelling, language and trial samples are large indeed; but the rewards are gratifying, and are coming in new business orders," he said.

The approach would be tried in other countries later and for a wide range of products.

Developing world boosts cotton spinning capacity

BY JAMES MCDONALD

THE TOTAL number of spindles in the world's cotton and allied textile industries increased again in 1977 to almost 152m, and the number of active spindles rose to 138.2m — or 90.9 per cent of installed capacity, according to recently released figures.

But the overall rise during the year of 0.6 per cent masks a reduction of nearly 100,000 spindles in North America to 21.9m, and a large fall of nearly 1m spindles to 47.1m in Europe. West Germany showed a fall of nearly 600,000 spindles to just over 3m and in France there was a drop of nearly 200,000 to just under 2.8m spindles. UK capacity showed only a small decline.

Spindle capacity in Asia and Oceania, on the other hand, rose by 1.4m to 68.5m spindles, and in Africa by nearly 370,000 to 5.9m spindles.

International Textile Manufacturers Federation statistics show that in the weaving sector the world total of looms declined over the year by 0.1 per cent to 3.07m units. But here again the total disguised a 4.8 per cent drop in North America, a 3.3 per cent increase in Africa, a 1.2 per cent rise in South America, and an 0.8 per cent rise in Europe.

Over the 10 years from 1967 to 1977, world spindle capacity has risen by 16.9 per cent, but within this total there has been a general trend to a decline in capacity in the older industrialised countries, and a great expansion in the developing nations. In Europe, capacity rose by 3.1 per cent, masking declines in the UK (38.2 per cent), the Netherlands (51.2 per cent), West Germany (32.9 per cent), and Denmark (46.3 per cent). Turkish capacity expanded by 190 per cent, and Greek capacity by 178.6 per cent.

Honda alcohol bike plan

BY RIK TURNER IN SAO PAULO

HONDA is to start producing alcohol-powered motor-cycles in Brazil through its Manaus-based subsidiary, Moto Honda da Amazona. Moto Honda is two-thirds owned by the parent corporation in Tokyo with the remainder owned by Brazilian business interests.

Production of ethanol-powered motor-cycles is to begin in October, and follows a four-year ban on motor-cycle imports, imposed in 1976 as part of measures to control Brazil's balance of payments problems. Up to that time, some 300,000 motor-cycles had been imported.

Some 1,000 motor-cycles are to be produced in the first year under the new programme, with production increasing based largely on Government orders. Honda is also producing some 6,500 petrol-powered motor-cycles a month. The ethanol-powered motor-cycles are being launched in keeping with Brazil's move towards alcohol-power rather than petrol power for its motor vehicles.

Bill will allow Sealink sale to private sector

BY LYNTON McLAIN

A NEW Transport Bill, with plans to sell a majority stake in Sealink ferries to the private sector, is being drafted by the Government for inclusion in the Queen's Speech in October. Measures to cut drinking and driving offences and controls on motorcycle licensing will also be included.

The Government plans to sell more than half of British Rail's 100 per cent stake in its Sealink UK ferry company, in British Rail Hotels and in British Rail Property.

The new Bill will also contain the legislation necessary for the Government to sell a 49 per cent stake in the state-owned British Transport Docks Board, as announced in March.

The details of sale of BR subsidiaries have not been settled, but BR and the Government have agreed in principle to put a majority stake into the private sector.

The Bill will also formally confirm the end of the National Ports Council, which has been a central advisory body for the ports industry for over 15 years. The plan was announced in December and is expected to save the Government £1m a year.

The details of the proposals for reducing drinking and driving offences have not been agreed by Transport Department and Home Office officials. But the Government is expected to abandon the recommendation for random tests for alcohol levels made by the Blennerhassett Committee in 1976. Mr. Norman Fowler, the Transport Minister, believes "indiscriminate testing would be undesirable."

Instead, the Government is expected to call for stronger police powers to test the breath of people "in charge of vehicles," in addition to powers for testing people actually driving vehicles.

The Government also believes the current limit of alcohol in the blood—80 milligrammes in 100 millilitres of blood—should be kept, but that urine samples should be abolished.

High-risk offenders—drivers convicted twice in 10 years for a drinking and driving offence—may be singled out for special harsh penalties if the Government follows the recommendation of its earlier consultation paper on drinking and driving, published in December.

The new Bill will also include measures to improve motorcycle safety.

Over 1,160 motorcycle drivers and passengers were killed in accidents in 1978; over 20,000 were seriously injured and over 48,000 slightly injured. Only 15 per cent of motorcyclists are trained formally.

The measures are likely to restrict learners to small motorcycles, possibly to the 12-brake-horse-power level recommended by the Advisory Committee on motorcycle training. The present limit of 250 cc cycles on which learners can practise is regarded as too high.

Learners may also be prevented from taking out an indefinite number of provisional licences.

The Bill is also expected to contain legislation to allow the state-controlled heavy goods vehice testing stations to be run by the private sector, although the Freight Transport Association, which represents transport users, claims any change in the present arrangements will cause standards to fall.

The new Bill will continue the Government's policy of giving profitable state industries greater freedom to develop, by taking them outside the public sector.

The policy is now incorporated into the current Transport Bill, which seeks to denationalise the National Freight Corporation and to give more competition to the state bus industry by removing restrictions on new operators.

The policy may also cut the public sector borrowing requirement by reducing the level of loans guaranteed by the Government.

Liberia presses for closer ties in sea disaster inquiries

BY WILLIAM HALL, SHIPPING CORRESPONDENT

LIBERIA IS pressing for much closer international co-operation in official inquiries into maritime casualties. It has drafted a motion for the next meeting of the legal committee of the Inter-Governmental Maritime Consultative Organisation in June.

News of the move emerged at the Court of Inquiry sitting in London into the loss of Amoco Cadiz, the super tanker which ran aground polluting the French coast in March, 1978.

Efforts by the Liberian authorities to conduct a proper investigation into the disaster, one of the world's worst, have been hampered by the French authorities' lack of co-operation.

The French arrested the master of the Amoco Cadiz and the master of the Pacific, a tug sent to rescue the tanker, and prevented the Liberians from interviewing them.

The French also seized relevant documents and refused the Liberians permission to attend the French investigation. As a result of court actions in the U.S. much of the information has been finally passed to the court of inquiry.

However, the French Government-controlled radio station at Brest refused to release copies of the official record of radio messages exchanged between various parties involved in the casualty.

This evidence could shed light on the attempts of the master of the Amoco Cadiz to save his ship and might also reveal whether the French authorities had early knowledge of the situation's gravity.

Procedures for international co-operation in marine casualties are already provided for in the maritime consultative organisation's resolution A173 but the Liberians plan to make any co-operation obligatory in their draft resolution.

In the existing resolution, any inquiries are subject to alteration by national rules. The Liberians, however, hope to make examining of evidence and witnesses, plus the right to attend any inquiry, obligatory for states seriously affected or having a substantial interest in the casualty.

More than 80m dwt of shipping is registered in Liberia which has the biggest flag of convenience shipping fleet in the world.

£9m order for British Aerospace

By Lynton McLain

BRITISH AEROSPACE has won three new orders, with an option on three more, for its 748 twin-engined airliner.

The contract, worth about £9m was placed by the German commuter airline, DLT, of Frankfurt.

The order brings to 349 the total number of British Aerospace 748 aircraft ordered by world airlines.

British Aerospace said yesterday that DLT—Deutsche Luftwerkehrsgesellschaft — worked closely with Lufthansa, the West German state airline.

Lufthansa technically evaluated the 748 in comparison with competing airliners, including the Dutch Fokker F 27.

The German commuter airline already operates 330 commuter airliners manufactured by Short Brothers in Belfast.

DLT is a fast-growing airline which runs scheduled services between the main German cities, and has also started international flights between West Germany and Switzerland.

The BAe 748 twin-engined feeder-liner is one of the most successful of all current civil aircraft built by the state-owned aircraft manufacturer. Progessively being modernised. Bae believes that the 748, with its fuel-efficient Rolls-Royce turboprop engines, is likely to remain in demand for several years.

'Super hospitals' policy dropped

BY ROBIN PAULEY

THE GOVERNMENT proposes to abandon the policy of establishing 2,000-bed "super" hospitals and to return to building small and medium-sized hospitals preferably with 600 to 700 beds.

The policy change is the biggest shift in hospital provision policy since 1962, when the option for large district general hospitals was made. It was announced yesterday by Dr. Gerard Vaughan, Health Minister, when he published a consultation paper on the future pattern of hospital provision in England. Comments are invited as soon as possible and not later than October.

Dr. Vaughan said experience had shown hospitals of 1,000 to 2,000 beds to be expensive to build and to run, with some costing £1.5m a year just to heat and ventilate. Staff found it exhausting to walk up and down interminable corridors and make long "journeys" from one department to another.

"These hospitals have been built to concentrate services, specialties and equipment largely for medical convenience. But they are often unhappy places, remote from the communities which they serve.

"We now need a new, more flexible approach where both the medical and the community needs are considered. We must end the social disadvantages of concentrating services in large hospitals and closing small hospitals."

He agreed that it would be unrealistic to close any large new hospitals in the present economic climate. But 66 hospital building programmes had been called in for review at the beginning of the year.

Of those 50 had now been given approval, often in a revised form. A plan for a 2,000-bed hospital at Stoke-on-Trent, had been revised to two hospitals of 700 and 300 beds. The rest would be made up in surrounding smaller hospitals.

Among the 16 still under review are a 2,000-bed hospital at Oldham, a 2,000-bed hospital for Tameside and a large complex at Leiceser.

The proposals will mean fewer closures of hospitals, particularly in small towns and rural areas, although some changes of use will be necessary to achieve comprehensive pattern of services.

Any extra cost will have to come from existing National Health Service allocations. The costs are more likely to be a sacrifice of potential revenue savings than an increase in expenditure and will, to some extent, be offset by reduction of pressure on the capital programme, the report says.

Hospital Services, The Future Pattern of Provision in England. DHSS, Elephant and Castle, London SE1.

Improved oil-sharing system urged

BY MARTIN DICKSON, ENERGY CORRESPONDENT

GOVERNMENTS of the major industrialised countries should set up a new mechanism to help share the problems created by sudden interruptions in oil supplies, Mr. Christophor Laidlaw, the deputy chairman of British Petroleum, said yesterday.

The treaty establishing the International Energy Agency and its emergency oil-sharing scheme had been a great step forward five years ago. But much of the time since then had been spent wondering how the treaty could be made to work if the oil-sharing trigger—a fall of more than 7 per cent in a member's normal supplies—had to be pulled.

"What we need now is a closer-knit, more responsive mechanism which can visibly help importers hit by sudden supply interruptions, by spreading the pain," he told a conference in Amsterdam organised by International Petroleum Times.

"If between governments and industry we cannot develop improved mechanisms we shall all too easily be blown off our bridge to alternative energies in one of the coming storms."

Mr. Laidlaw estimated that the non-communist world would need 8bn tons of oil equivalent by the year 2000 if the industrialised economies were to grow 3 per cent a year while achieving a 20 per cent energy saving.

Oil would supply barely a third of that, but the remainder could be made up by a vigorous expansion of the coal and natural gas industries, more nuclear power and a 10 per cent contribution from alternative energies.

They had to create a fiscal climate which encouraged investment. They must look more at how profits were used and less at how to take them away.

"The taxation on North Sea producers has been sharply and repeatedly increased, both in the UK and in Norway, so stability is shaken and incentive reduced," he said.

"We must all remember that there is indeed another solution—a world of no growth, where falling production requires less energy but progress stops. The energy sickness is cured but the patient is crippled for life."

Cut interest rates, says Institute of Directors

BY JAMES McDONALD

THE INSTITUTE of Directors yesterday added its voice to that of the Confederation of British Industry in appealing to the Government for a cut in interest rates. Mr. Walter Goldsmith, director-general of the institute, said in a letter to Sir Geoffrey Howe, the Chancellor of the Exchequer, there was "grave and widespread concern at the damage done by high interest rates to cash flow and business confidence.

"This damage increases the longer interest rates remain at present levels. We urge that the reduction of interest rates be given a high priority and that, for the sake of restoring confidence, at least a firm statement of intention should be made as soon as possible."

The institute also calls on the Government for more public spending cuts. "In particular, there is scope for the transfer of services from Government to private provision, for accelerated sales of Government and nationalised industry assets and for the financing of more nationalised investment from private sources, and for financial penalities on high-spending local authorities."

Reduction of Government spending "is the only satisfactory way of reducing the public sector borrowing requirement and interest rates, while continuing to reduce both taxes and inflation."

● A poll by London stockbrokers Rowe Rudd indicates the City "is beginning to lose confidence in the ability of the Government to succeed with its present policies," writes Ray Maughan.

It interviewed 100 fund managers this week and found 34 do not believe the Government's policies will work. Seven others are undecided. That contrasts with a near consensus of City support for the return of a Conservative Government when the managers were polled just before the General Election.

Of the doubters this time, 13 felt any policy U-turn would take the form of a voluntary incomes policy backed by a deal with the TUC. Six fund managers felt the Government would be forced into a statutory control of wages, 10 foresaw general imports controls or surcharges and nine predicted a reflation of the economy to cut unemployment.

Pointing out that "Mrs. Thatcher is now pursuing the very policies for which the City has traditionally called," Rowe Rudd found that "one in three fund managers believe they will fail. Indeed there was a marked lack of confidence among many of those who thought they would work."

Gatwick growth must not harm mixed community

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE DEVELOPMENT of Gatwick Airport's capacity from 16m. to 25m. passengers a year must not drain the local resources required to sustain a mixed industrial, business and service community, the local community, the local committee of the CBI told the public planning inquiry into the development of the airport.

Earlier this week Mr. Adam Thomson, chairman of British Caledonian Airways, a big user of Gatwick, told the CBI local businessmen did not appreciate the economic and other advantages it could bring to that part of the country.

But Mr. David Burt, chairman of the CBI in Sussex, and assist- of the CBI in Sussex, and assistant managing director of Hellermann Deutsch of East Grinstead, said the CBI feared the growth of Gatwick might be allowed to drift to the point where increased facilities and a second runway became inevitable.

Record fall in stocks held by manufacturers

BY DAVID MARSH

FURTHER EVIDENCE of the start of recession came yesterday with official figures showing a record fall in the stocks of manufacturing industry in the first quarter this year.

Manufacturing companies also made big cuts in capital investment as a result of weakening demand, high interest rates and generally low business confidence.

Provisional Department of Industry statistics show stocks of the manufacturing and distributive sectors fell £569m at constant 1975 prices, seasonally adjusted, in the first quarter after rising almost continually for the past four years.

The largest fall was registered by the manufacturing sector, where stocks fell £371m, the biggest quarterly fall since records began in 1955.

The drop was particularly marked for stocks of materials and fuel and work in progress. Stocks of finished goods also fell. Part of this reduction was due to the fall in production caused by the three-month steel strike.

Government statisticians say however, that there was still a large underlying drop as companies adjusted stocks to lower levels of demand.

Uncomfortably large stocks carried over from last year, and the high cost of borrowing to finance them, have been one of the main factors behind the severe liquidity squeeze facing many sections of industry.

The reduction in the volume of finished goods stocks may have alleviated part of this financial pressure. But with Minimum Lending Rate likely to remain at a record 17 per cent at least until well into the summer, companies may be forced to shed further stocks in coming months. The stocks/ouput ratio rose slightly during the quarter as a fall in manufacturing output more than offset the fall in stock levels.

Investments by manufacturing in the first quarter fell to £930m at 1975 prices, seasonably adjusted, 3 per cent below the fourth quarter of 1979.

The department notes that the figures are only provisional and were also affected by the steel strike. But it says that the fall "seems to confirm that the volume of manufacturing investment is now at the contraction stage of the cycle."

First quarter manufacturing investment was 4.5 per cent below the level of the same period last year. The Government's survey of investment intentions for the year indicates that a drop of 6 to 10 per cent is likely for the year as a whole.

As in previous months, spending by the distributive and service industries held up fairly well in the first quarter. These sectors are not being hit so hard by the downturn in demand and the strong pound. Spending in this area was about the same as in the fourth quarter at £1.33bn, and was 9 per cent up on the same period last year.

Barclays to join N. Sea oil search

By Alan Friedman

BARCLAYS BANK is to take a direct part in the search for North Sea oil. It will join several international consortia applications for the seventh round of North Sea block licences in the UK sector.

Mr. Peter Leslie, a general manager of Barclays International, said yesterday that after approaches from several oil companies active in the North Sea, Barclays had decided to undertake equity investment in oil exploration.

"Our decision reflects our desire as a British company to do all we can to support the further development of a vital part of the UK economy."

Barclays yesterday refused to say how much its North Sea investment would be worth. Outside estimates placed the figure "in tens of millions."

Mr. Leslie said for several years Barclays had a "substantial and growing involvement in North Sea oil through the provision of finance for North Sea projects amounting to over £500m and spanning 13 fields."

It had built up expertise in oil projects as well as in financing energy projects in other parts of the world.

"We believe this latest step is a logical extension of these activities."

● Midland Bank yesterday confirmed that it too was considering the possibility of a direct stake in North Sea oil exploration. It is already involved "in a big way" in development and production rather than exploration of the North Sea.

Lloyds said although it was also involved in financing North Sea oil projects, but had no plans for a direct stake.

Scriptomatic purchased by GEC for £11.7m

BY JASON CRISP

GEC announced the purchase of Scriptomatic, a U.S. addressing machine company, yesterday.

This is the most significant find of Mr. Geoffrey Cross, the former chairman of ICL, since he was sent to the U.S. two and a half years ago to scout for likely acquisitions to buy and reorganise.

At a purchase price of $27m (£11.75m) it is a modest buy by many companies' standards, let alone GEC's. Its significance is that it takes GEC one step further into office equipment systems.

Making addressing machines accounts for 95 per cent of Scriptomatic's sales. Although the method is patented, and is more advanced than the old style of metal plate addressing equipment, it is not particularly high technology.

An individual's address is typed, on an ordinary typewriter, onto a card which has been specially impregnated with dye. This will print when it comes into contact with a chemically coated paper.

GEC says the purchase of Scriptomatic is to complement its major investment in AB Dick, also in the U.S. AB Dick, which GEC bought in November 1978 for £52m makes duplicators, offset litho equipment and copiers.

One of the notable aspects of the AB Dick purchase was that while the company had very good equipment and an extensive marketing and sales set up it was slipping behind in electronics technology, the very area in which GEC believed it was most capable of helping.

It appears GEC has similar ideas for Scriptomatic. According to Herbert W. Leonard, president of Scriptomatic, who will now join the AB Dick board, the company has about 20 per cent of the present American market in addressing machines.

It produces a wide range of machines — priced at $50 for small clubs to a $6,000 model capable of printing several thousand addresses in an hour. The more advanced machines have electronic controls for selecting specific addresses from a complete list.

The largest segment of the market is for the smaller and medium sized machines. Says Leonard: "80 per cent of lists in the U.S. have less than 5,000 names."

Sales in 1979 totalled $23.6m with a net profit of $1.7m. About half of Scriptomatic's staff of 500 works overseas. This includes manufacturing in Ireland and Japan where it employs 60.

AB Dick is also in the printing and labelling business but at the high speed-high technology end. It has developed a computer-controlled ink jet printing system which was adopted by IBM. AB Dick has developed a special machine for industrial use in the high speed labelling of goods.

GEC says there is no overlap in the two businesses, which they see as complementary. The AB Dick equipment would be used for high speed and long runs while Scriptomatic would continue to operate in the medium-sized list size. For small runs Scriptomatic faces competition from word processors.

GEC's move into the U.S. has been remarkable for its caution. As long ago as 1973 it was talking about plans for American investment but AB Dick remains its major purchase. Last night it confirmed it still had a strong interest in acquiring more companies in the U.S. and in a much wider field than just office equipment.

Shell raises petrol prices

By Martin Dickson, Energy Correspondent

SHELL, joint UK market leader, put up its wholesale petrol prices by 1.73 pence a gallon at midnight.

Most other leading oil companies have increased their prices between 1.7 and 2.7 pence a gallon in the past week, following the rises of up to $2 a barrel announced by Saudi Arabia and other producers.

But Shell said its rises — the first since February—did not take these latest producer rises into account, but reflected an increase in North Sea prices in April and the growing amount of spot market related premiums being asked for Middle East oil.

Shell gets about 40 per cent of its UK crude requirements from Kuwait and nearly all the remainder from the North Sea.

The Shell increases are expected to raise the average cost to the motorist of a gallon of its four star petrol from about £1.32 to £1.34. Its other oil product prices are going up as well. Derv will rise 1.36 pence a gallon and standard grade burning oil 1.82 pence a gallon.

£1,000 fine for throwing away diaries

TAX AVOIDANCE expert Mr. Roy Tucker, was fined £1,000 by the Court of Appeal yesterday for contempt of court.

Mr. Tucker was held to have broken an undertaking to the court to return to the Inland Revenue documents originally seized in Revenu raids on the homes and offices of people connected with the Rossminster group last July.

The missing documents were five desk diaries.

Lord Denning said the Appeal Court had ruled that the Revenue's raid, undertaken because it suspected a tax fraud, had been wrong. The Revenue had been ordered to return the sized documents to Rossminster, AJR Financial Services, Mr. Tucker and Mr. Ronald Plummer, who had undertaken to hand them back if the Revenue won on appeal to the House of Lords.

The Revenue had won. It demanded the documents. Most were returned—but not the diaries, which were said to have been put into a dustbin and thrown away.

At various times Mr. Tucker's secretary had told different stories about the diaries. Finally, in her evidence to the court, she said that she had thrown them away, having forgotten that she had been told not to destroy any documents which might have to be handed back to the Revenue.

No affidavit

Mr. Tcker had not himself given evidence to the court about the matter. He ought to have done so, said Lord Denning. "He ought to have made an affidavit saying what steps he took to see these diaries were secure, and, most importantly, that his secretary was clearly instructed that these diaries and other documents were to be kept safe.

"One can't help wondering whether the reason why Mr. Tucker has not made an affidavit is that he feared he might be cross-examined."

Through his counsel Mr. Tucker had said that in telephone conversations with the Revenue he had explained that he had given his staff proper instructions.

Lord Denning said: "One can't help wondering, if he told his secretary in proper terms not to throw away these things, why she would not have obeyed him, and why, if he particularly pointed out the diaries, she would not have remembered them, whereas her evidence shows she treated them as of no importance.

Rhondda pit to close following steel cuts

BY ROBIN REEVES, WELSH CORRESPONDENT

THE FIRST of at least six coal mine closures in South Wales resulting from steel industry cuts and increased coal imports was formally notified yesterday.

Local National Coal Board officials went to Tymawr-Lewis Merthyr colliery in the Rhondda Valley to tell unions there was no longer any economic justification for continued production. They would be seeking to close the pit as soon as possible.

Welsh miners' leaders immediately gave notice they would fight the closure—if necessary by industrial action. The National Union of Mineworkers is officially opposed to pit closures except where coal reserves are exhausted.

Mr. Emlyn Williams, the South Wales Miners' President, warned that the NCB was heading for a collision, but the attitude of the men at the colliery will not become clear until Saturday, when they hold a mass meeting.

Justifying the closure move, Mr. Philip Weekes, the NCB South Wales director, said the colliery had made operating losses of £1.2m last year and they could see no technical possibility of substantially improving its productivity. In the present market situation, this can only lead to increased losses," he said.

But yesterday's announcement is clearly only the first of a number, Mr. Weekes told the Commons Select Committee on Welsh Affairs earlier this week that, because of the British Steel Corporation's cuts and its switch to cheaper imported coking coal, at least six of the 35 South Wales pits, employing *about 4,200 men, would have to close.*

Between them, they were losing a total of £35m in a full year and acting as "a great albatross round the neck of the South Wales coalfield."

If this year's special NCB subsidy, which makes Welsh coking coal competitive with imports, were dropped next year, another six collieries, employing about the same number again, would also have to close, he said.

Yesterday, Mr. Weekes stressed that more than 50 per cent of the 700 men working at Tymawr-Lewis Merthyr could be found jobs at alternative pits, mostly within a 10 mile radius.

"We shall spare no effort to ensure maximum job opportunities for those who wish to transfer. In the prevailing economic climate, we have a clear duty to safeguard the interests of our own men as far as we possibly can," he said.

Tymawr-Lewis, Merthyr (originally two pits which merged in 1958) was clearly in the closure firing line as the only mine in South Wales where the coal is still worked mainly by hand. Geological conditions have defeated numerous attempts at mechanisation, which would raise productivity.

Chocolate sales hit by VAT rise

By John Edwards, Commodities Editor

CONFECTIONERY SALES are being hit hard by the increased rate of Value Added Tax, Mr. Robert Wadsworth, president of the Cocoa, Chocolate and Confectionery Alliance claimed yesterday.

Mr. Wadsworth said at the Alliance's annual general meeting in London home trade sales fell 6 per cent in the second half of last year due to increased VAT. Consumer spending on confectionery in 1979 rose 12.5 per cent to £1,600m, but the volume of sales fell about 3 per cent.

In the first four months of 1980 confectionary sales continued to be disappointing with the market depressed by reduced purchasing power owing to the economic situation.

Confectionery exports fell last year to £209m from £216m in 1978. However, this was caused by a decline in semi-processed products since overseas sales of finished goods expanded.

Lonrho loses document appeal

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LONRHO, the multinational conglomerate, has lost the final round of its attempt to compel disclosure of documents relating to its £100m damages claim over alleged Rhodesian sanctions busting.

Five Law Lords were unanimous yesterday that Lonrho could not see documents belonging to the South Africa, Rhodesian and Mozambique subsidiaries of Shell and BP, or the evidence and submissions of Shel land BP to the Bingham inquiry, which Lonrho said were crucial to its claim.

Th Law Lords upheld decisions of a High Court judge and five appeal judges, all of whom had ruled against Lonrho at earlier stages of the company's two-part claim.

The documents issue was a preliminary skirmish in the dispute, the main battleground of which is an arbitration hearing due to begin on June 23.

Lonrho began its claim in 1977, when it issued writs against Shell, BP and 27 other oil companies. It alleged breach of an agreement under which the oil companies were to channel all oil to Rhodesia through a pipeline to be built by Lonrho from Beira, in Mozambique.

Lonrho alleges that at the time of UDI the oil companies conspired with the rebel Rhodesian regime to keep oil flowing to the country, in breach of sanctions, by means other than the Lonrho pipeline.

The oil compaines deny the allegations.

In 1978 the High Court ruled that the claim against Shell and BP should be dealt with by arbitration, in accordance with an arbitration clause in the agreement, and not in open court.

The action against the remaining oil companies is awaiting the outcome of the arbitration.

Lord Diplock, delivering the Lords' judgment, said the directors of the South African and Rhodesian subsidiaries had refused to disclose the documents sought by Lonrho on the ground that to do so would be a criminal offence under local laws, and because, in any event, they considered that disclosure would not be in their companies' best interests.

In those circumstances it could not be said that the subsidiaries' documents were in the power of the parent companies to disclose, said Lord Diplock. This was also true of the Mozambique subsidiary.

As for the Bingham documents, Shell and BP had cooperated fully with the Bingham inquiry, having been given assurances of complete confidentiality. In the interests of achieving similar co-operation in future inquiries, that confidentiality should be maintained.

Town hall allocations overspent

By Robin Pauley

LOCAL AUTHORITIES are overspending their budgeted expenditure for 1980-81 at a rate of about 3.7 per cent which in a full year would be £500m a year at November 1979 prices, according to statistics compiled by the Chartered Institute of Public Finance and Accountancy.

However, this apparent excess spending is about the same level as in previous years. This is because at this stage there is generally overspending which later disappears.

The Chartered Institute of Public Finance and Accountancy says that although the general overspending appears to be unexceptional, predictions on the final outcome this year are made more difficult by inflation. Excess inflation could force local authorities to cut real spending levels even further than planned.

High inflation will further drain local authority balances during the year adding to the growing prospects of higher rate increases next year coupled with further cuts in services. On April 1, 1980, local authorities had balances of £1bn and authorities plan to use another £300m during 1980-81, leaving only £700m.

There are unlikely, however, to be many supplementary rate demands in the autumn. Talk of local authorities going "bankrupt," which some local authority politicians have been saying recently, is seen as scare talk to prevent unions from staking excessively high wage claims.

Co-op wholesale trade recovers

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE TRADING performance of the Co-operative Wholesale Society improved sharply in the second half of 1979, to leave trading profits virtually unchanged at £18.3m for the year ending January 12, 1980.

The CWS, the largest food manufacturing and wholesaling organisation in Europe, had been hit badly by the severe weather early last year as well as by the lorry drivers' strike in England and Scotland.

Sir Arthur Sugden, the CWS chief executive, said yesterday the results were "far from unsatisfactory, and indeed better than expected a year ago."

Improved trading in the latter part of 1979 meant turnover was up 8 per cent on the year overall, to reach £1.7bn. Total pre-tax profits, including profits from the CWS's banking activities, rose by £700,000 to £23m.

As the CWS is owned by the 191 retail co-operative societies in the UK—and supplies about threequarters of their sales—it does not aim at high profits. Instead, most surplus income is used to improve its manufacturing facilities.

The CWS's capital spending last year totalled a record £34m, compared with £25m in the previous year. In fact the report shows that more than half the total capital spending of £81m in the past three years, went on developing and renewing CWS manufacturing facilities.

Food sales, which accounted for about two-thirds of turnover, rose just less than 6 per cent last year. The combination of the lorry drivers' strike and the High Street price war meant that food profits fell from £13.2m to £12.3m. Non-food sales, however, rose by 15 per cent to reach £305m, with profits £1.5m higher at £3.8m.

Boroughs resist transfer

SEVEN London boroughs will apply to the High Court on Friday to prevent the Greater London Council compulsorily transferring to them responsibility for 70,000 homes.

The GLC has sought a compulsory transfer order from Mr. Michael Heseltine, the Environment Secretary, under the 1963 London Government Act. The GLC has already agreed to the transfer of 125,000 homes to 21 other London boroughs and 24 London District Councils.

The boroughs of Brent, Camden, Hackney, Haringey, Hounslow, Lambeth and Lewisham say that under the 1963 Act the GLC should have submitted its programme for transfer by April 1970. Hammersmith and Fulham, Islington and Waltham Forest would also be affected by a compulsory transfer order, as would Colchester and Rushmore

New proof sovereigns in autumn

A LIMITED ISSUE of 1980 proof sovereigns is to be issued by the Royal Mint in the autumn.

The number struck will be 100,000, of which 90,000 will be available individually and 10,000 in presentation cases containing £5 and £2 pieces, a sovereign and a half-sovereign.

The coins will be available worldwide. No price for the presentation case has been decided yet.

Costing £110 each, the individual coins will feature the same design as past sets of gold coins, on one side St. George slaying the Dragon and on the other the Queen.

Raymond Hughes looks at court secrecy

How to open some closed doors

FOR YEARS the advocates of open justice have objected to the number of High Court cases, many of which there is a legitimate public interest, that are heard in private.

It now seems that contrary to appearances their complaints are to be listened to. Indeed, the Lord Chancellor's Department, which handles court administration, is concerned, thinks they have been pushing at an almost open door.

The Department is considering a proposal that would remove some of the "Court in Chambers" notices that have barred Press and public from court.

The proposal is that applications in the Queen's Bench Division for interim injunctions pending full trial of the action should be heard in public when both sides to the dispute are present.

For years the procedure has been that such applications are heard in chambers, even though the same type of application, if made to the Chancery Division, would be in open court.

Legal opinion now generally favours removal of this anomaly.

Ex parte applications, made by one party for urgent relief without formal notice having been given to the other side, will continue to be heard in private.

It is thought that this is desirable because publicity at that stage might give one party an unfair propaganda advantage over an opponent who might not even be aware that an order was being sought against it.

Also ex parte injunctions tend to be granted for a limited period, since judges insist that the other side be given an opportunity to put its case as soon as possible.

If cases are to be taken out of the lists of the judges sitting in chambers, other judges, and other courts and court officials, must be found to deal with them.

Accommodation is already a problem in the Royal Courts of Justice, where it is not uncommon to find a case listed for hearing without being allocated to a particular court because none was available when the daily list was printed.

The proposal has resulted in pressures from various quarters. The Senate of the Inns of Court and the Bar, the Law Society, judges and the Queen's Bench procedure committee have all urged the change.

The main argument of those who advocate more public proceedings is that in most cases there is no good reason for them to be private.

They do not concern wards of court, commercial secrets, national security or any similar matters where privacy is generally recognised to be appropriate.

The anomalies of present practice were highlighted during the steel strike.

Steel stockholders Howard E. Perry applied to a Queen's Bench judge in chambers for an injunction to free "blacked" steel belonging to the company.

When it became apparent that because of the number of cases in the judge's list the case might not be heard that day, the lawyers had the case transferred to a Chancery judge, who heard the application in public.

In the following weeks similar applications, including some by Perry, were heard in private in the Queen's Bench.

It has been suggested there is something sinister about the decision to apply to a judge in chambers.

The system does enable some parties to keep their disputes out of the public eye.

But the choice of division is at least likely to depend upon the chance of whether the case is sent to counsel who normally practices in the Queen's Bench or in Chancery courts.

The opening up of Chancery courts would not result in an increased flow of sensational stories. It would, however, mean that when an application is made to a court on a matter of genuine public interest, the whole story can be told.

Reporters would be able to hear the evidence and the arguments, and not have to rely on lobbying the parties and their lawyers after the hearing, as at present.

£110,000 not enough for violin

THE MOST important lot in Sotheby's sale of musical instruments yesterday, a violin by Joseph Guarneri del Jesu, made in Cremona in 1741, did not reach its reserve. The top bid was £110,000.

The violin is believed to have belonged to Prince Nicholas Youssoupoff and to have been looted by French officers in about 1812.

A Stradivarius violin of 1695 wen for £62,000. A violincello by Metteo Goffriller, Venice, 1719, made £28,000. A Cremonese violin by Rugeri sold for £27,000, and a two-manual harpsichord by Joseph Kirckman, London, 1798, was bought for £17,500.

A world record auction price for a postcard, £1,050, was paid at Phillip's yesterday for a 3d card showing Edward VII and Queen Alexandra. It was dropped by balloon over Beckenham in Kent to celebrate the coronation of 1902. Another balloon card, dropped in Manchester in 1903, made £880.

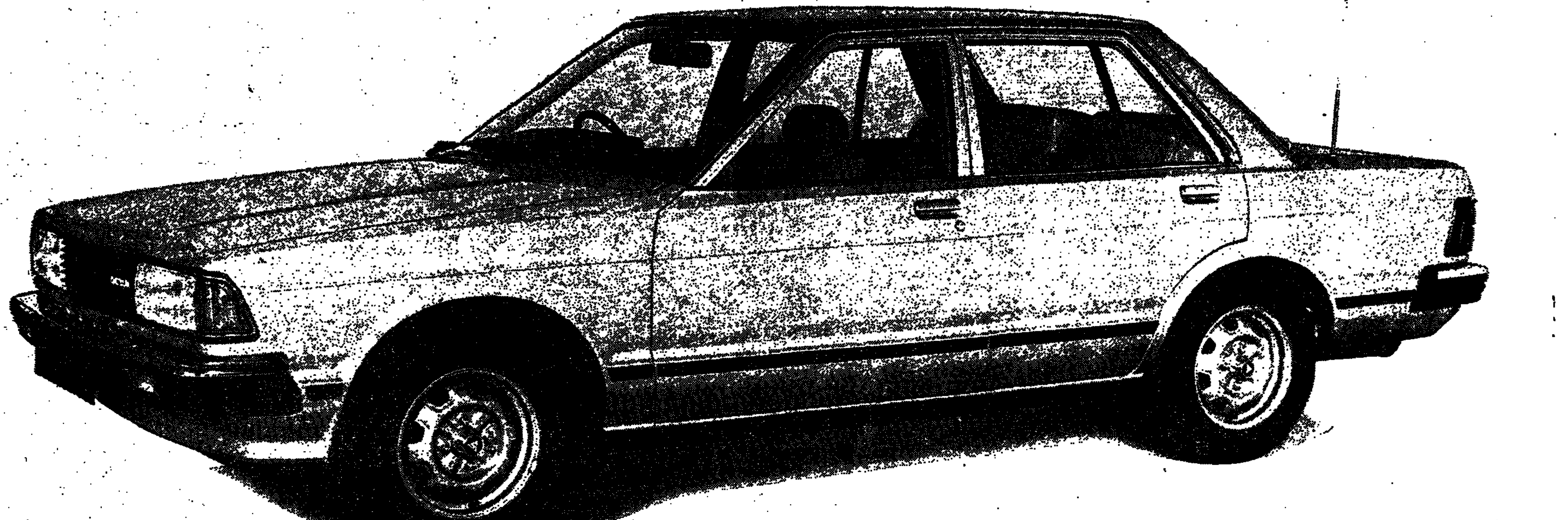
At Folkestone Salerooms, Smith-Woolley and Perry auctioned a silver cased desk clock of around 1680 for £9,000 to Blenheim Antiques. At Lawrence of Crewkerne, Summer and Winter paintings by Pieter Gijsels sold for £32,000.

Christie's sold furniture yesterday for £119,140 with a top price of £8,000 for a George III mahogany library table. A Regency mahogany writing table went for £7,500.

SALEROOM

BY ANTONY THORNCROFT

The New Datsun Bluebird.



New Bluebird Saloon

Now, Japan has produced the best car ever for Europe!

This is the New Datsun Bluebird. Handsome, functional elegance in a new shape for Europe.

A crowd-stopper without a doubt.

But that's only the start of the story. Because within the new styling, Datsun have incorporated the most modern technology the automotive sciences can provide.

The result is the New Bluebird range – the quietest, most balanced and refined cars that Nissan designers have created. At a price that represents the ultimate in sheer value!

The first Datsun Bluebird was unveiled 21 years ago and since that time, successive models have established a world-wide reputation for performance, economy of operation and durability. Over *4,500,000* Bluebirds have been produced for world markets.

Now comes the most exciting Bluebird yet, a car to challenge and beat the best that Europe can offer in the medium car range.

Technical Advances

High performance, high economy characteristics are engineered into every New Bluebird to produce one of the world's top family cars.

The New Bluebird bodyshells are pressed from a very advanced steel which includes manganese and silicon; this new metal giving high strength, light weight and high durability characteristics.

Technically, there are other major advances for the New Bluebird. Harmonised suspension with "zero scrub" front geometry and rack and pinion steering for safety and driving comfort; independent rear suspension with semi-trailing arms for saloon and coupé to give outstanding road-holding performance and comfort; newly designed, ventilated front disc brakes with power assistance to give stable and reliable braking under the toughest driving conditions.

All incorporated in saloons that now have lots more space and sumptuous comfort for driver and passenger alike, together with a long list of special equipment at no extra cost.

There are four models in the New Bluebird range. Two saloons with the choice of a 1.6 litre or a 1.8 litre engine, a very roomy and good-looking 1.8 litre estate car and a Bluebird coupé with sparkling performance from a special version of the 1.8 litre power unit. The engines are of modern overhead camshaft design to give 100 m.p.h. performance yet, at the same time, use low grade petrol very sparingly indeed.

But the overall economy of the New Bluebird is not confined just to good fuel consumption figures; it has as much to do with Datsun's legendary reputation for mechanical reliability. Like all Datsuns, these new Bluebirds are built to spend their time on the road, not in the workshop.

Executive-Style Equipment

In every New Bluebird you'll find a long, long list of special equipment in true Datsun fashion. In fact, Bluebirds have more in the way of "extras" than some cars costing twice the price.

There's tinted glass * twin waveband push-button radio * quartz clock with month and date display * two-speed wipers with wash/wipe *and* variable intermittent wipe * halogen headlights * reversing lights * rear fog light * height and lumbar adjustment on driver's seat * adjustable steering column * lockable glovebox with light * roof console with adjustable map light * panel light rheostat * an array of warning lights for washer level, battery level, low fuel, door ajar, etc. * a warning buzzer when lights have accidentally been left on * interior release for boot and fuel lid * rev counter * comprehensive bi-level heating system with rear compartment ducts * courtesy lights on all doors * rear centre armrest * childproof locks * carpeted rear parcel shelf and much more.

All this at a genuinely competitive price!

New Bluebird prices start at £3990 for 1.6 litre saloon and £4098 for the 1.8 litre saloon, which makes them outstanding value compared with cars like the Renault 18, Vauxhall Cavalier 1600 GL, Ford Cortina 1600 GL, or other cars like the Sigma 1600 GL and Montrose 1600 GLS etc., which can cost up to £800 more.

With the New Bluebird range, Datsun have produced an advanced new car that will influence the pattern of motoring in Europe for years to come.

The New Bluebird is at your dealer's showroom now. See it, and test drive it soon.

New Bluebird Coupé £4598
(Alloy road wheels shown extra)

New Bluebird Estate £4498

Datsun U.K. Limited, Datsun House, New Road, Worthing, Sussex. Tel: Worthing 68561. DATSUN

Prices quoted include Special Car Tax, VAT, inertia reel seat belts and driver's door mirror.

Public sector pay restraint 'essential'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A PROGRESSIVE reduction in the rate of public sector pay settlements is an essential part of the Government's strategy for controlling inflation, Sir Geoffrey Howe, Chancellor of the Exchequer, told the Commons yesterday.

"We are now almost the only industrial country not accepting a rate of pay increases several percentage points below the rate of price increases," he declared.

Over the past three years, pay had risen 12 per cent more than prices and over the same period output had only gone up by 5 per cent.

"One has got to face the realities," he warned.

The need to contain public sector wages was a main theme of Sir Geoffrey's answers when he and Mr. John Biffen, Chief Secretary to the Treasury, were given an intensive grilling during Question Time.

There was renewed pressure from the Opposition and from some Tory MPs for an early reduction in minimum lending rate. But once again Treasury Ministers rejected these suggestions and argued that a drop in MLR could only follow a fall in the volume of bank lending.

They reiterated the Government's determination to pursue a firm monetary policy but Sir Geoffrey also emphasised that it would take time for this to have an effect on inflation.

Mr. Richard Wainwright, the *Liberal* economic spokesman, told the Chancellor that further increases in inflation would consolidate peoples' expectations of higher wage increases. Therefore, he urged, it was urgently important that an incomes policy should be instituted with the authority of the Commons behind it.

Sir Geoffrey said that the first step towards reduction in the inflation rate was likely to take place between July and August. He thought, however, that there would only be a modest degree of support on both sides of the House for the introduction of an incomes policy.

Mr. Bob Cryer (Lab. Keighley) called on the Government to change its "lunatic" policy on interest rates which was ruining small firms. If they could not succeed in improving economic activity, the Chancellor "and his cronies" should resign, said Mr. Cryer.

There were cheers from the Conservatives when Mr. Biffen replied: "There is no intention of the administration to get out and resign. We are not quitters.

"It is our intention to pursue a monetary policy — which of necessity includes the current level of interest rates — until there are such tangible signs of success that a reduction in the lending rate can be embarked upon wisely and with prudence.

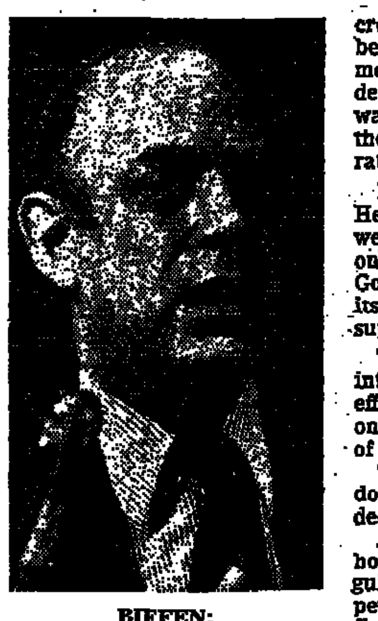
"Any premature action would be foolish."

Mr. Biffen agreed with Mr. Jock Bruce-Gardyne (C., Knutsford) who said that interest rates were negative when measured against inflation and that any premature move to cut MLR would do more harm to industry in the long run.

Mr. Hugh Dykes (C., Harrow East) said that we had now had high interest rates for a longer continuous period than ever before and inflation was still rising. He wondered if there would be such dire consequences for inflation if there was a modest reduction of one or two points in MLR.

But Mr. Biffen told him firmly: "We believe that a fall in interest rates at this moment, unless clearly indicated by market conditions, would have a serious impact upon the Government's monetary targets."

The Chancellor came under attack from Mr. Denis Healey, from the Labour Front Bench, who said that punitive levels of interest rates were having little or no effect in reducing bank lending and were having a disastrous effect on the value of the pound.



BIFFEN: "We are not quitters"

Sir Geoffrey said that the increase in bank lending was still being sustained and the Government would wish to see firm evidence of a reduction before it was entirely convinced about the timing of a cut in interest rates.

Returning to the attack, Mr. Healey said the interest rates were having a disastrous effect on business liquidity yet the Government was still sticking to its "fetish" of getting money supply under control.

The Chancellor retorted that interest rates were having an effect on bank lending but that one had to have more evidence of that.

"Interest rates will be coming down in 'due course,'" he declared.

According to Mr. Healey, however, Sir Geoffrey had been guilty of disgraceful incompetence by having doubled inflation in the course of a year after having promised to reduce it.

Mr. Healey maintained that the rate of inflation would be 3 to 4 per cent higher but for the 18 per cent rise in the value of the pound which was crippling British business.

Protection for mortgage holders

THE GOVERNMENT may give greater protection to building society mortgage-holders and investors, Mr. Nigel Lawson, Financial Secretary to the Treasury, told the Commons yesterday.

He said that protection for both borrowers and savers was very important and the registrar of friendly societies was "very much concerned" about it.

It might be that new legislation would be needed to "tidy up" the existing law as it affected building societies, Mr. Lawson said at Question Time.

The Government was still waiting to consider the inspectors' report into the collapse of the Grays Building Society.

Mr. Lawson was replying to Tory backbencher Mr. Hal Miller (Bromsgrove and Redditch) who said that greater protection for loanholders and investors was necessary.

Mr. Miller also criticised the "present merger craze" going on among building societies which seemed designed to further the interests of building society managers rather than those of borrowers or savers.

Mr. Ken Weetch (Lab., Ipswich) said that changes in the law were needed to curtail some of the "wasteful practices" of building societies.

MPs critical of EEC's budget controls

BY ELINOR GOODMAN, LOBBY STAFF

THE EEC's budgetary control over substantial sections of farm spending appears to be largely meaningles, an all-party committee of MPs said yesterday.

In a report sharply critical of the Community's financial controls, it maintained that restructuring of the budgetary process to take account of these difficulties was overdue.

On the question of frauds—which have long plagued the Community—the House of Commons Select Committee on European Legislation said it was clear that the procedures for dealing with frauds and irregularities were still far from satisfactory.

At present, it pointed out, member states did not even agree what constituted an irregularity. For 1978, the Court of Auditors put the figure at £1.8m.

Commenting on the Report of the European Court of Auditors for 1978, the committee catalogued a whole list of areas in which the existing budgetary controls seemed to be inadequate. The full House of Commons, it said, should be given an opportunity to debate the report.

In most instances, the Westminster committee backed up the Court's own criticism of the system. But in others it was critical of the Court's report for its lack of information.

The Court of Auditors produces a report each year examining the revenue and expenditure of the Community. Its report for 1978 repeatedly drew attention to the shortcomings of the controls then used.

The annual accounts drawn up by the Community institutions, it said, failed to give a full picture of the situation. This criticism, the House of Commons committee said, appeared to "constitute a severe indictment of the accounts."

It would be interesting to know, the committee went on, "whether the Court would, if required explicitly to certify them, consider them as giving a true and fair view of the affairs of the Communities."

Estimates

The committee also supported the Court's view that considerable improvements were needed in the system for estimating expenditure, in sectors like the social and regional funds.

The Court drew attention to the particular problems of controlling farm spending caused by the fact that actual prices are largely determined after the budgetary estimates for the year have been made.

The estimates may therefore be completely changed during the year and, in its report, the Court comments that the notion of "compulsory expenditure, stemming directly from the Treaties, "undermines the classical role of budgetary authorisation."

The Court also drew attention to the long delays in drawing up the final accounts for the Community. The failure to close accounts promptly must, the MPs said, detract considerably from the significance given to the Commission in respect of the implementation of the budget—and thus compromise the European Parliament's budgetary control powers.

House of Commons 31st report from the Select Committee on European Legislation. HMSO £1.25.

PM warns of higher unemployment

BY IVOR OWEN

RISING UNEMPLOYMENT over the next few months, and falling living standards for many of those who retain their jobs, was again the grim prescription offered by the Prime Minister in the Commons yesterday.

She rejected renewed Opposition demands for a change in the Government's economic policy, and stuck firmly to the theme that pay increases must be earned and not regarded as an inevitable accompaniment of rises in the retail price index.

Compete

Mrs. Thatcher, who hardly seemed to notice the cries of "resign" hurled at her from the Labour backbenchers, said she was afraid that over the coming months the level of unemployment would continue to rise.

She explained that the growth in the numbers out of work would partly be the result of rationalisation and reductions in over-manning.

"We have to get through this in order to increase productivity and to get the rest of our industries *in an efficient condition* where they can compete in the real world," the Prime Minister declared.

Mrs. Thatcher returned to the need for some workers to accept a cut in their living standards when contending that it was vital to achieve a closer link between increased pay and increased efficiency.

"For that purpose it may be necessary for a time for some firms to accept a rate of increase below the level of inflation."

After all, the rate of increase that one is entitled to have is the rate of increase that is earned—otherwise the extra goes in increased prices.

Tory MPs worried about the Government's control over the level of wage settlements in the public sector cheered when she revealed that Professor Hugh Clegg, controversial chairman of the Pay Comparability Commission, who was 60 yesterday, had already indicated that he would like to retire no later than September.

She not only made it clear that the Government was unlikely to stand in his way but *questioned whether the concept* of comparability was feasible.

To a roar of approval from the Government benches, the Prime Minister stated: "I think there is a very real question of whether you can establish genuine comparability between certain jobs."

Dissent

Mr. David Steel, the Liberal leader, reaffirmed his Party's consistent advocacy of a statutory incomes policy by inquiring if the recent emphasis by Sir Geoffrey Howe, the Chancellor of the Exchequer, on the need for wage restraint marked a step in this direction.

After a nod of dissent from the Prime Minister and a stentorian chorus of "no" from the Government backbenches, Mr. Steel asked how the Scottish teachers could be expected to accept a salary increase of 14 per cent—8 per cent below the going rate of inflation—unless settlements at that level became the general rule.

Mrs. Thatcher answered: "There is no general rule *which can be applied to everyone*, because circumstances are very, very different."

She thought that Mr. Steel might accept that a policy which tried to close the gap between increased pay and increased efficiency could in some ways be called a pay policy.

"It is the only sound pay policy there is," the Prime Minister insisted.

Mr. Michael Foot, the Deputy Labour leader, challenged the Prime Minister to say whether she stood by the commitment she gave the nurses last year—when still Leader of the Opposition—that their voluntary adoption of a "no strike" policy would not result in their pay falling behind.

He suggested that the recent award to the doctors and dentists should be held in abeyance until the Prime Minister had discussed the position with representatives of the nurses.

Mrs. Thatcher replied that 1978 should be the starting point of any comparison. On that basis, if the nurses accepted the 14 per cent now on offer, they would be in the same position as the doctors and dentists.

Order on Iran trade sanctions delayed

BY RICHARD EVANS

THE ORDER introducing trade sanctions against Iran, which was due to be presented to Parliament yesterday, has been delayed because of the Government's withdrawal of the retrospective element.

The Order, made under the Iran (Temporary Powers) Act passed by Parliament earlier this month, could be laid today but is more likely in the middle of next week.

As this will be a Parliamentary recess, the period of 28 sitting days during which it will remain valid without a Commons vote will start on Monday week.

The assumption at Westminster is that following the Government's retreat under backbench pressure from the backdating to last November favoured by the EEC, the Order should be accepted by the Commons fairly easily.

Consultations are continuing between UK officials and the Common Market over the effects of the ending of concerted action. Ministers accept that Britain's isolation has had an adverse impact on relations and could damage Mrs Thatcher's chances of reaching early agreement on the budget contribution.

Parliamentary business

COMMONS

For week beginning June 2, after recess.

Monday, Tuesday and Wednesday: Finance Bill, committee.

Thursday: Until about 7 pm, a debate on the unfair and arbitrary decision to charge "full cost" fees to overseas students. Afterwards, on the offence of loitering with intent under the Vagrancy Act 1824.

Friday: Remaining stages Films Bill and of the New Towns Bill.

LORDS

Monday: Social Security Bill (No. 2) second reading. Port of London (Financial Assistance) Bill second reading. Short debate on the Olympic Games.

Tuesday: Employment Bill committee stage.

Wednesday: Debate on industrial productivity. Street Offences Bill second reading. Licensed Premises (Exclusion of Certain Persons) Bill committee stage. Short debate on difficulties facing young people who are training for career in the arts.

Thursday: Transport Bill report stage. Port of London (Financial Assistance) Bill third reading.

Friday: Transport Bill report stage.

Dockers accept 13% to save jobs

By Pauline Clark, Labour Staff

AN "OVERWHELMING" majority of Liverpool dockers voted at a mass meeting yesterday to accept a 13 per cent pay deal—believed to be the lowest settlement in a major British port in the year's pay round.

The acceptance of the deal by some 3,500 dockers who were told they could stop work to attend the meeting was welcomed by port employers. The employers have expressed worries about the financial state of the port following a total £7.5m loss last year and a further £1m of lost profit as a result of the strike over steel imports earlier this year.

Leaders of the 5,000 dock workers covered by the deal said they had recommended acceptance in spite of their 20 per cent "cost of living" claim because of redundancy fears. The port has lost some 7,000 jobs since 1966.

The deal was also reached in spite of earlier settlements for dockers of between 15 and 20 per cent in other major British ports. Both the Hull and Southampton dockers have received increases of around 16 per cent this year.

Liverpool union leaders said their port had been starved of cash for maintenance and investment by the Government and the EEC.

Mr Dennis Kelly, chairman of the port shop stewards committee, said: "We explained to the men the position of the employers. We have been given full access to their books and fully understand their problems."

He said some of the dockers were upset about the fall in standard of living that would occur, but they were not prepared to sacrifice jobs for the sake of more overtime for others.

Union leaders added that they were calling for an urgent meeting with the Mersey Docks and Harbour Company to press for Government assistance.

Port employers said the agreement would now be followed by wide-ranging discussions on improving efficiency.

Healey backs moderation but denounces Howe policy

BY JOHN LLOYD AND CHRISTIAN TYLER

MR. DENIS HEALEY, the Shadow Chancellor, threw his weight heavily on the side of moderation yesterday by advising the TUC to reopen a dialogue with the Government—on the right terms—and by condemning industrial action taken for political ends.

In a major speech to the national industrial conference of the Electrical and Plumbing Trades Union at Eastbourne, Mr. Healey said: "Simply to refuse co-operation is not enough.

"You have got to show what sort of co-operation you can deliver to a Government—let's be fair—of any party which takes account of human and political needs."

After his speech Mr. Healey underlined his point by saying: "If the Tories can create a basis for talks, then of course the unions should talk."

Mr. Healey was talking on the platform used on Monday by Mr. Frank Chapple, general secretary of the EPTU, to call for reopening of a relationship between the trade union movement and the Government.

The Shadow Chancellor was more circumspect than Mr. Chapple, stressing his view that the offer of talks to the TUC by Sir Geoffrey Howe, Chancellor of the Exchequer, earlier this week was bogus.

"His offer of an olive branch has turned out to be a cane. He was not offering a dialogue, but another lecture about trying to keep up with price increases."

In an implicit reference to the TUC Day of Action, Mr. Healey said: "Street demonstrations won't force a change of course, and industrial action for political purposes simply forces millions of people who loathe Mrs. Thatcher's policies to shelter behind her skirts."

But the Day of Action was defended by Mr. Len Murray, TUC general secretary, in a speech to the American Chamber of Commerce in which he attacked what he called the Government's "blinkered" faith in monetarist theology.

Given the state of the British economy, it was no wonder that the TUC was compelled to draw attention to the danger, he said.

"I would much rather that the TUC did not have to resort to demonstrations to get this message across, and would much rather sit down with the Government—and, yes, the CBI—and discuss all aspects of the economic strategy in a serious way."

The TUC was not entitled to dictate to the Government, but it was entitled to a serious hearing, not "casual after-dinner comments."

The Government was basing its economic policies on faith and hope, Mr. Murray said, and seeking to impose them by fear. Yet there were some in the "administration" who did not live entirely out of "old, dog-eared textbooks."

Unless the present reliance on monetary control alone was reconsidered, social tensions would increase.

Mr. Healey's strictures are bound to be unpopular with trade union leaders, who are privately less than impressed with the Opposition's performance in Parliament and take the view that the unions must perform the task for it.

Mr. Healey reserved his fiercest sarcasm for his successor Sir Geoffrey Howe, saying that he followed "half-understood, half-baked theories of that Jewish leprechaun Milton Friedman."

Talbot job cuts agreed

By Ray Perman, Scottish Correspondent

SHOP STEWARDS at Talbot's Linwood plant in Scotland voted yesterday to accept the 1,300 redundancies announced on Tuesday.

The company has said it must cut the labour force to bring production programmes into line with sales forecast. The redundancies will take effect in August.

Mr. John Carty, convenor, said shop stewards would concentrate on getting the best terms for the workers who would lose their jobs. They also want a long term commitment from the company on the future of Linwood.

Mr. Carty said: "We recognise that it would have been futile for us to strike at this time bearing in mind that the company is taking this action because it has a bank of cars waiting to be sold.

TUC aid sought over technology

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT is appealing to the TUC to persuade the Civil Service unions to abandon their opposition to the introduction of new technology in the service which would involve the loss of jobs.

Ministers have clearly warned the unions, though, that if they do not modify their stance and reach agreement on the introduction of new equipment then the Government will bring it in despite union opposition.

The union's firm stand against job losses stemming from new technology was clearly stated yesterday at the annual conference of the Society of Civil and Public Servants, the second-largest union in the service.

The union overwhelmingly aproved an executive paper making clear that a precondition of the introduction of new technology is the maintenance of existing job levels. The paper is in line with a draft agreement drawn up the Council of Civil Service Unions.

Mr. Campbell Christie, SCPS deputy general secretary, warned that if the Government maintained its "inflexible" line of refusing to provide satisfactory safeguards and guarantees on jobs then "major difficulties" lay ahead for the service.

Mr. Paul Channon, Civil Service Minister, made known the Government's views in a report this month to the National Economic Development Council.

It suggests that the TUC should use its "good offices" in ensuring the Civil Service unions continue their traditional co-operation with new technology—which, in the light of the unions' present mood, effectively means a considerable movement in their position.

Electricians to seek negotiating format outside of Confederation

BY JOHN LLOYD

STRONG OPPOSITION to the strikes in the engineering industry last winter was expressed by delegates to the National Industrial Conference of the Electrical and Plumbing Trades Union in Eastbourne yesterday.

However, reference to withdrawal from the Confederation of Shipbuilding and Engineering Unions, which called the stoppages, were replaced by a composite motion which called on the union's executive to examine "alternative methods of negotiation," to conduct plant by plant negotiations where possible, and to ballot members before industrial action was taken.

The EETPU is to demand that all CSEU members are similarly consulted at the confederation's conference next month.

Mr. Roy Sanderson, the EETPU national officer with responsibility for the engineering industry, said that a number of large companies had given notice to quit the parallel employers' body, the Engineering Employers' Federation, or were considering doing so.

Philips and BL had both said that they would come out; a number of companies in the General Electric (GEC) group had come out and others were considering withdrawing; British Aerospace was also likely to leave.

Mr. Sanderson said that the union would encourage more such defections, but said that the CSEU "was probably in a better shape now than it had ever been."

Earlier, Mr. Sanderson had given a sober picture of the UK engineering and electrical industries, saying that 200,000 jobs had been lost in engineering in the past year while exports took one third of the domestic market.

"As for the car industry, it is now an endangered species. The logical move for BL is a complete merger with a Japanese company."

Mr. Sanderson said that every other country had supported its industry more than the UK. "If Japan is an example of how to succeed in engineering then it is obvious that the state should do more."

Mr. Eric Hammond, an EETPU executive councillor, said that unless there were more orders for nuclear plants, the UK power engineering industry was "dead." He condemned the Transport and General Workers Union for its adoption of an anti-nuclear position.

Chix dispute is settled

FINANCIAL TIMES REPORTER

AN EIGHT-MONTH strike by women workers at the Chix bubblegum factory in Slough has been settled. The firm had refused to recognise the General and Municipal Workers Union to which 96 workers involved in the dispute belonged.

But the union's annual conference in Bournemouth was told yesterday that the company had decided to recognise the union.

Delegates were told the mainly Asian workforce would return to work early next week following the signing of an agreement in London.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Big savings claim for heat pumps

DOMESTIC air-to-water heat pump units developed by Myson engineers are electrically driven units that introduce heat into water at up to three times he electrical energy consumed.

Significant energy savings are realised, even wth outside temperatures below freezing point.

At an ambient air temperature of −1 degree C the Model 7.5 produces a heat of 5.3 kW. and 1.96 kW of energy for every 1 kW of electricity consumed. At average heating season outside temperatures (from autumn to spring) of 8.3 degrees C the Model 7.5 produces a heat output of 7.4 kW and 2.4 kW of heat for every 1 kW of electricity consumed. At 16 degrees C the Model 7.5 produces 9.0 kW of heat output and nearly 2.8 kW of energy for every 1 kW of electricity consumed.

The Model 15 gives exactly the same ratio of energy savings at these temperatures with double the heat outputs. At −1 degree C heat output is 10.6 kW, at 8.3 degree C output is 14.8 kW and at 16 degree C heat output is 18 kW.

All these figures are based on a leaving water temperature of 55 degrees C.

Compressor-driven appliances are usually economical to run but normally have a very high starting current (five times running current). The Myson pump has a patented electro-mechanical start system which gives a starting current of less than half that normally associated with this type of equipment.

It also is easily installed, being self-contained, pre-plumbed, pre-wired and requiring only a single phase (or three phase) electrical connection and flow and return water connections.

Against oil, solid fuel and direct electric heating, fuel cost savings between 55 and 80 per cent are claimed.

Myson Marketing Services, Ongar, Essex CM5 9RE. 0277 362222.

● HAND TOOLS

Fast screw-driving

WHEREVER power drills are used—in the home or in industry—a Belgian device, protected by world patents, will come in handy to turn the drills into super-rapid screwdrivers.

Different in principle from existing conversion units with their clutches or electronic speed controllers, the "Tadivis" is also very much cheaper. Yet it will allow an operator to insert three inch screws into softwoods and composite materials something like fifty times as fast as by hand.

For rough and ready work where strength is the only criterion, the gadget cannot be beaten. However, where the operator wants a good finish with countersinking etc., the Tadivis gives almost as much time saving, despite the fact that in this instance, some pre-drilling or other preparation is required.

With a modicum of experience, the units can be used with success on hardwoods, veneers and masonry and, where an appropriate drill is available, for quick disassembly such as with exhibition stands and the like.

They are made of chrome-vanadium steel and come in three models. These are a ¼ inch bit for slotted head screws with a maximum head size of 0.45 inch and a standard 0.315 inch bit which can be used with wood screws of DIN series 95/96/97, gauges 20/24, while a large-size bit of 0.395 inch diameter is available for very heavy work. It is intended to bring out a bit suitable for Phillips heads during the summer.

It is very simple to set the bits, by a simple pressure to the correct depth on the driver blade before operations begin, so that when driving round-headed screws, the drive will disengage as soon as the underface of the head touches the wood. The same applies to countersinking etc.

Tadivis is at 335 Tilleurstraat, 4310 St. Niklaas, Belgium.

● METALWORKING

Casting metals quietly

LOW-MELT allow castings can be made at very low noise levels on a new automatic centrifugal caster operating at up to 180 castings an hour.

The machine incorporates a quiet Hydrovane 43 air centre to power its various pneumatic functions.

Rubber moulds are fed into the machine's waiting area on an air driven conveyor, then positioned under the nozzle of an integral melting pot by air cylinders.

The melting pot has a maximum temperature of 450 degrees C. While the mould spins at speeds of up to 1,000 rpm, a pneumatic timer controls the flow of molten alloy. As soon as the mould is full, it is pushed out on to a gravity conveyor and the next empty mould takes it place.

Power conveyor, air cylinders and all control functions are supplied with cool, clean compressed air from the Hydrovane—an inherently quiet rotary vane compressor in an acoustically engineered cabinet with all ancillary equipment and controls.

This air centre which has a noise level of only 59dBA, and, says the company, is "quiet enough to operate in someone's front room."

Hydrovane Compressor Company, Claybrook Drive, Washford Industrial Estate, Redditch, Worcs. B98 0DS. Redditch 25522.

Cuts difficult materials

COMBINATION of powerful 500 volt motors, orbital blade movement and variable electronic speed control, makes Draper's latest Metabo range of jigsaws simple to use and capable of cleanly and quickly cutting materials from polystyrene and plastics to metal and hardwoods.

Housing and grip have been designed to ensure safe control and accurate operation without fatigue, and a slide swicht is incorporated for one-hand operation.

Curves are easy to negotiate when cutting round shapes and when following curved guidelines. Wood can be plunge cut and pocket cuts can be sawn out with no need for pilot holes to be drilled beforehand. For bevel cuts, the sole plate can be tilted to both left and right and can be locked at angular settings of 15, 30 and 45 degrees.

Ribbed clamping pads on either side of the gearbox housing allow the saw to be clamped in a vice for stationary use. Even when cutting full depth, the guideline always remains clearly visible as part of the stream of cooling air from the motor is diverted to the point where the cut is being made, blowing the sawdust away.

With the Metabo range, saw blades are easy to change—18 different types and three wood rasps are available—and the same socket spanner is used to change saw blades and set the angular position of the sole plate.

The automatic electronic speed stabilising system keeps the speed set on the selector the same, no matter whether the machine is under load or not. This eleminates the need to keep on adjusting the speed during cutting. A cutting chart is also featured on all machines to show the optimum speed and orbit rate for the job in hand.

The orbital blade movement is adjustable to four setttings and creates a pendulum effect which means the blade cuts on the vertical upward movement and advances on the down stroke while the blade slopes backwards. By adjusting speed and orbital movement, it is possible to use the jigsaw virtually as a rip-saw even on hardwoods or glass reinforced plastics.

B. Draper and Son, Hursley Road, Chandlers Foad, Hants. 04215 66355.

● PUMPING

Copes with many liquids

A ROTARY, positive displacement four-cylinder pumping unit designed for on-site drilling, water supply, process engineering and other industrial applications is announced by Landay Drilling Supplies, Unit 18, Central Trading Estate, Staines, Middx. (81 61221).

Designed as a lightweight, compact unit, capable of handling a wide range of liquids including abrasive materials, such as drilling muds, it is marketed as the Landrill Brahma "24."

Constructed with a cast aluminium body with ceramic cylinder liners, stainless steel seats and bronze valve caps, it is also available with a cast iron body for special applications.

● MATERIALS

Paint for rusted steelwork

NOW BEING marketed in the UK by Tretol Paint Systems is a product described as a high-build, protective self-priming paint called T-rust Alubronze. Its main use is for the coating of hand wire-brushed rusted or previously painted steel. It was developed in the USA.

Tretol says the coating material is an aluminium-filled two-part modified epoxy mastic paint containing a special resin media with a blend of wetting agents and penetrants. Rust inhibitors help arrest sub-film corrosion while overlapping aluminium flakes provide a barrier to moisture and ultra-violet light.

It is claimed that minimal surface preparation and relatively low material cost make the product an ideal self-finish coating for repainting steel pipework, bridges fences and so on. It may also be used as a maintenance primer beneath other Tretol top coats when additional protection is needed.

Full technical details can be obtained direct from the company at Tretol House, Edgware Road, London NW9 (01-205 7070).

An unusual finish

TARTARUGA IS the Portuguese word for turtle whose shell is known to be hard, resistant and long living. Because these characteristics are said to be inherent in a self-coloured, decorative wall finish, Tartaruga is the name chosen for a new product from Berger Jenson and Nicholson, Berger House, Berkeley Square, London W1. (01-629 9171).

This is applied with a specially designed brush for correct and even distribution to plasterboard, plaster, brickwork, blockwork, stone and render. The finish can then be texured by using any one of five special design rollers which effect a finish from a classic stipple effect to a more elaborate design.

A one-coat, emulsion-based, high build finish, it contains no asbestos and when dry promises a smooth, snag-free relief when dry.

Promising an exterior life of over 12 years (longer for interior use) it is available in 10 colours and can be subsequently painted, using conventional emulsion or exterior quality paint.

● SECURITY

Cards instead of keys

FROM NORWAY comes news of a modern cylinder lock for which punched plastic cards are issued instead of conventional keys at hotels and guest houses.

Made by TrioVing of Moss, th lock is based on the cylinder principle with 32 steel balls and the usual metal key is replaced by a cheap plastic card which is simply inserted into the lock to open the door.

The card is in two parts, key card and code card, which can be separated; both are punched according to a computerised system which yields some 4bn combinations of hole positions. When the code section is detached and placed in the lock from inside the room, the lock becomes programmed only to accept the other half of the card from the outside.

Since the cards are cheaply made and punched, the lock combination can be changed for each new guest and it is of no consequence if the guest departs with the key.

Available in the UK from Contract Furnishers, 71, Epsom Road, Ewell, Surrey, KT17 1LW (01-394 1157).

● ENVIRONMENT

A better atmosphere

SUSPENDED AT a strategic position in factories, stores and warehouses, a multi-nozzle air humidifier is capable of all-round projection of a fine mist to creat an acceptable level of humidity over a wide surrounding area, says Dalesman Humidity Control, 686, Bolton Road, Pendlebury, Manchester (061-794 8724).

Designed for use in high volume industrial premises, the Mistflow "Fortress" has a rated humidifying output of up to 70lb per hour of fine mist with no resultant "wetting" of factory processes or personnel.

It utilises eight atomising nozzles fitted with water filters to prevent blockage during service, arranged at 45 degree angular positions, and measures 15 x 15 x 12 inches.

The suspension - mounting humidifier is equipped with a removable top plate which offers easy access to the interior thus facilitating in situ service.

● PROCESSES

Wet sandblasting unit

NEW IN sandblasting, through an approach which has the dual advantage of protecting the worker and surroundings from dust while using wet sand which can be re-cycled is equipment by G. C. Ogle and Sons, of Victoria Road, Ripley, Derby, DE5 3FX.

Champ portable sandblast unit is believed to be the only equipment of its kind offering the facility of using wet sand. It will work off the majority of pressure washers on the market today. Any grade of wet sand may be employed and it can be re-cycled for use over and over again.

The sand blast unit, mounted on either wheels or castors, includes a special sand injection lance, five metres of pipe and a connection with a high pressure water line.

Equipment is effective for cleaning metal (vehicles, castings, concrete mixers) and has the power to clean irregular surfaced materials, such as building blocks, just as efficiently as smooth ones such as car bodies.

Further data from 01-688 3725.

Wrapping the edges

IN LINE with its policy of own brand manufacture, it will be selling paper and PVC foil laminating systems for both the hot roll process as well as the hot platen pressing system, announces Riverlock, Moneyrow Green, Holyport, Maidenhead, Berkshire (0628 37648).

Together with the RollFast and PressFast package, the company is also introducing a complete range of profile laminators for the edge wrapping technique, using paper foils, PVC, and real wood veneers.

The company had made an arrangement with Stewart Gill and Co., to now market to the furniture and allied trades the Stewart Gill range of overhead conveyors—the STS range—and the SG floor-mounted conveyorised pallet system designed specifically for the on-line finishing of carcase and made-up furniture.

This alliance will also cover the range of drying ovens designed and produced by Stewart Gill for use in conjunction with its conveyor systems. This means that Riverlock is now in a position to offer a total package deal of manufacturing finishing systems for companies which produce carcase furniture.

● COMPUTING

Discs from Far East

WINCHESTER technology disc stores made by Fujitsu of Japan are to become available in the UK and Europe following a marketing agreement made by System Industries (Europe) with the manufacturers, which now claim to be number two in the supply of such stores behind IBM.

Some 5,000 of these equipments, Fujitsu's models M2782/3/4, have already been sold in Japan and in the first year of European activity 1,000 units are expected to be placed.

The equipment is to be made available in the form of a complete package including control and interface electronics, or as a "naked" drive for OEM purchasers.

In these drives three magnetic platters are permanently installed and are searched by a three deck head with two heads per deck which move in an arc across the surfaces from a pivot point beyond the disc periphery—rather like a record turntable arm. Since the arm is balanced very little judder of the kind produced by a linear arm is generated, the forces involved are less and the system is said to be more reliable.

This rotary actuator offers access times of six milliseconds track to track, 27 ms average. Storage capacities are 66, 132 or 165 megabytes of unformatted data and there is a standard storage module interface for easy system integration.

These features, together with the non-removable medium, result in a mean time between failure of 15,000 hours under typical usage.

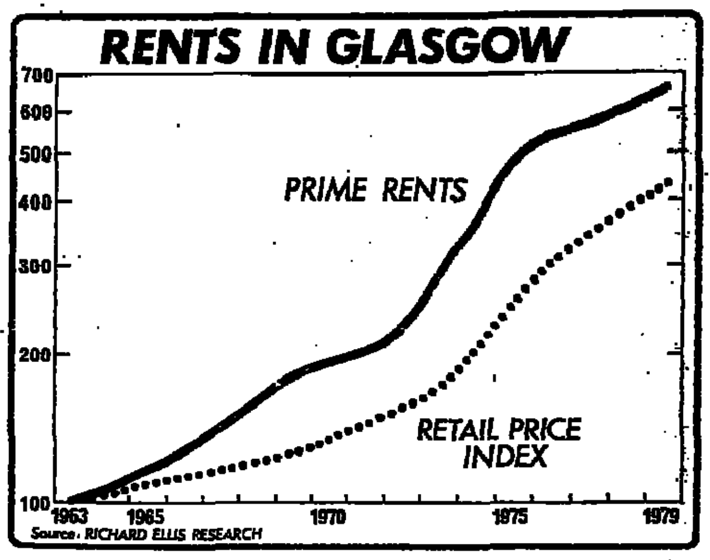
There is an optional head-per-track capacity of 655 kilobytes of unformatted data and field upgrading can be handled simply by replacing the sealed disc enclosure.

System Industries is at Guildford Road, Woking, Surrey GU22 7QQ (04862 5077).

FINANCIAL TIMES SURVEY
Friday May 23 1980

Property in Scotland

Thanks to North Sea oil, the Highlands of Scotland—for long a problem area compared to the more populous Lowlands—are enjoying a welcome boom which has swept land and property values along with it. The market elsewhere is relatively flat, except for shopping premises in favoured urban central areas.



Little to go for in the region

By Ray Perman
Scottish Correspondent

ON ANY reckoning the economic indicators for Scotland over the coming year present a depressing story. Confidence, already low, appears to be ebbing further, output is falling, cuts in Government spending are curbing activity and real personal incomes are being eroded by inflation.

As usual it is the manufacturing sector which is suffering most. The latest quarterly survey by the Confederation of British Industry's Scottish division indicated that business confidence was at its lowest ebb for five years. Two-thirds of the companies canvassed said they were working at less than a satisfactory level of production and more than half said their order books were below normal.

Over the next four months more than 40 per cent of companies expect to shed labour and a slightly higher proportion reckon they will spend less on new buildings and equipment.

Practically the only crumb of comfort in the whole survey was an indication that export order books were fairing slightly better than might be expected for the time of year. But with export prices rising quickly there can be no assurance that this situation will last.

As if that were not sufficient, at the same time as the CBI was releasing its results the Fraser of Allander Institute at Strathclyde University was publishing an extremely gloomy forecast of trends for the rest of 1980. The Instiute has something of a reputation for being presimistic when others are trying to look on the bright side—but, sadly, this aproach has too often proved justified. Its past predictions have usualyl been right.

Using its own model for the Scottish economy the Institute calculates that manufacturing output will continue to fall for the rest of the year at a faster rate than in the UK as a whole. Taking 1975 as the base year (index 100) it reckons production will fall from a level of 98.4 in the first quarter of this year to 94.9 in the final quarter. In the UK as a whole it will drop from 98.3 to 96.8.

The recession will not be even in its effects and there will still be some areas of Scotland which experience a boom (one, the Cromarty Firth, is highlighted in a following article).

In his economic review for the Edinburgh surveyors Kenneth Ryden and Partners, Professor Donald Mackay of Heriot Watt University argues that Strathclyde will suffer most as the volume of manufacturing investment in Scotland falls slightly faster than in the UK as a whole.

A resurgence in spending on North Sea oil and gas development wil insulate some places from the worst effects of the economic downturn, particularly the Aberdeen area, which will continue to be the most buoyant in Scotland. The new towns, which enjoy special privileges in order to attract new industry, will continue to fare better than older areas. Edinburgh, because of its economic structure is geared heavily to service industries, will survive without too much damage.

Mistake

How hard the property market is hit by the recession will depend on how far particular segments of it are from manufacturing, for although production industries are vital to the economy it is a mistake to believe that they are the whole economy.

The industrial market is obviously going to suffer most. There has already been a downturn in demand for larger factory units (10.000 sq ft and above) and the take-up of smaller premises could also suffer as small businesses begin to feel the squeeze of rising costs and increased competition. It is significant that the rate of company winding-ups in Scotland is again rising while the number of new company formations is falling.

Very large industrial properties are practically unlettable unless they lend themselves to breaking up into smaller units. There is so much factory space available in Scotland in public and private hands that those looking for manufacturing, distribution or warehouse space can pick and choose. Few want older redundant buildings which were purpose-built for someone else when they can get new factories, which are cheaper to heat and have better access and security — even though they cost a little more.

Further back along the chain, the office market has been a little less troubled so far by the recession. Some manufacturers have trimmed their office space, the most notable example being Leyland Vehicles, which has closed its medium/light division headquarters in the Wester Hailes area of Edinburgh in favour of working "over the shop" at the company's Bathgate truck and tractor factory.

But demand for offices has been affected by the general economic squeeze and particularly by the cuts in Government spending. Local authorities and central government departments which were very large customers have practically withdrawn from the market — at least for the time being.

Their importance can be judged by an analysis undertaken by the research department of Richard Ellis, the surveyors and agents, of the occupation of modern office accommodation in central Glasgow. Some 51 per cent of the space looked at was taken up by the public sector in one guise or another.

High interest rates have also tended to reduce the attractiveness of new developments for insurance companies and pension funds, a factor which could be of significance in a few years' time when demand again begins to rise.

In its survey of the Glasgow office market, Richard Ellis highlights the problems that might come from a slowdown in building now. Reviewing development and letting over the past 20 years it concludes that most office development, particularly in the most desirable "core" area of the city centre, has been speculative and undertaken by property companies. Only a few profits were very large (over 100,000 sq ft) and usually these big buildings were let to the public sector, either local authorities, which expanded their need for space considerably after the 1975 reorganisation, central government departments or Quangos.

Requirement

The most popular sizes were mid-range, frequently 25,000-30,000 sq ft. But even those properties were split-let rather than occupied by single tenants, there being very few private organisations in Glasgow, with a requirement for office space on that scale.

Drawing lessons for the future, the survey says that any potential surplus of space in Glasgow was absorbed by the big growth in public sector demand, but mostly this was on the peripheral area outside the central zone of Blythswood Square, St. Vincent Street, Bothwell Street and West George Street. Inside this area space has always been in demand and rents have reflected this.

The picture that emerges is therefore of a differential situation in Glasgow. Space is likely to become available in off-centre locations but to remain tight in the centre, where rents will rise as a result.

During the current year, when demand is expected to be subdued, some organisations with offices in peripheral buildings may take the opportunity of moving into the centre. But when the pressure on space begins to rise again the market could show signs of strain.

Richard Ellis hopes that higher rents will encourage developers to undertake schemes in the centre, but it is acknowledged that there is a shortage of sites for new buildings and of old properties suitable for refurbishment. Any development started this year will anyway take some time to influence the market.

On present plans the survey indicates that there will be no new space available this year (all new buildings have been pre-let), only 200,000 square feet next year, 155,000 in 1982 and 182,000 in 1983.

Clearly, however, not everyone takes a pessimistic view of the office market in Scotland. Trafalgar House Developments, which is already involved in projects in Scotland worth £12.5m, has chosen to open a Scottish office for the first time.

The retail market is moving briskly, with smaller units again going faster than larger ones. The growth of the building society movement in Scotland is still going on and they have proved voracious in their demand for space. There are also still one or two foreign banks moving into Edinburgh and looking for shop front premises along George Street.

Refurbishing

The latest is Societe Generale de France, which is presently refurbishing a property vacated by the Hastings and Thanet Building Society, which has moved to a larger unit.

The retail sector is still partly influenced by the consumer boom of last year, which, although fading, will not be exhausted until inflation begins to eat away the large wage settlements now being made. But Scotland is also still txperiencing an underlying growth in its retail sector which should continue for several years.

Per head of population there are still fewer shops north of the border than there are in the rest of the UK and average turnover per unit has been consistently higher over the last 20 years. Unfortunately there are no corresponding profit figures.

Residential prices are moving again in Scotland aftr a quiet period, because incomes have not yet felt the effect of the recession. The housing market is in the main unaffected by a rise in unemployment such as seen in Scotland over the last year, since those workers most likely to find themselves out of a job—the unskilled—are not usually house buyers anyway. Nor should it be troubled by a fall in overtime (although there are no signs yet of that occurring) since mortgages are assessed on basic wage rates rather than on total earnings.

But it will be constrained by high interest rates, should they continue, and by a shortage of mortgage funds. But the trend in Scotland should continue upwards for the foreseeable future as the proportion of owner occupiers increases faster than the number of new homes being built for sale. Scots start from a very low base compared to the English and Welsh in the ownership of property, but aspirations are rising.

The privately rented sector is being squeezed by legislation and falling returns to landlords. Expenditure cuts will restrain council housing programmes and the Scottish Special Housing Association. At the same time the demand for housing of all types can be expected to increase in the next 10 years as more school-leavers—the result of a birthrate boom in the 1960s—get to working and marriageable age.

CONTENTS

Oil spin-off in the Highlands

OIL IS the key factor in any assessment of property development in the north of Scotland. And that means, to a very large extent, Cromarty Firth and what happens in the seventh round of oil licences.

Cromarty has been developing steadily fory ears. British Aluminium has been smelting there since the 'sixties, Highland Fabricators are doing rig and platform work, the British National Oil Corporation is on the spot and other companies such as Dow Chemicals, British Gas and Highland Hydrocarbons have all made or are considering making planning applications to develop sites.

Behind these companies are Taylor Woodrow, sitting on 200 acres, and Highland Deep Haven, which has 435 acres, some of it already let to a variety of general engineering and distribution firms on land alongside the A-9.

The Highland Regional Council, the master local authority, belives there has been a big spin-off already from the platform building operations of MacDermott at Ardesier, opposite Inverness, and Highland Fabricators, and thinks that if there is a good response on the blocks just north of the Beatrice field 12 miles off the coast then a town like Wick would also gain through being the logical offshore supply base.

At the moment Inverness is the only town in the area with any all-round property base. According to agents Bingham, Hughes and MacPherson, even though there is a slight oversupply of offices, rents are now at £4 a square foot; several lettings having recently reached this level from th e£3.50 being obtained late last year.

The Government's cutbacks in spending plans have had the most serious effect on the market. Demand from the Scottish Office and Whitehall has been the strongest individual sector. Inverness, though, does not have large office spaces available, the average size being between 2,000 and 3,000 sq ft.

Centre

No other town can offer such facilities so that Inverness has become something of a regional centre. Elgin has some office space, but it is more the type in demand by local solicitors and insurance agents. Anyone wanting something up-to-date has to go to Inverness.

The town also has the largest shopping centre, which is in the process of being developed. The main streets have been refurbished and now a first-floor shopping mall is being built which will be anchored at one end by Marks andS Spencer. Others to come in include Tesco and Mothercare, giving the area a good big-store boost.

Prices are high in the High Street, with rents at £25 a square foot—although they drop very quickly to £12 outside prime sites. It is expected that charges in the mall will be around £29.

The only other town where there could be some movement on the shops front is Aviemore. Shops there are strung out along the main road but Aviemore has been so successful in developing a year-round holiday trade and attracting conference business that British Rail is thinking of developing some of its land for shopesfi

People think nothing of travelling long ditances fo rshopping in the north of Scotland. Inverness is 133 miles from Thurso and yet it brings in visitors. Some of them even go the additional 99 miles to Aberdeen. It is these latter that Inverness wants to capture with its new mall.

If this part of Scotland is to develop on an economically sound basis it needs to attract in small diversified industry. It has a number of pocket sof one-industry towns, such as atomic energy at Dounreay, paper at Fort William and construction at Loch Kishorn, Ardisier and Cromarty. Such one company areas enjoy considerable prosperity while the company remains but if it withdraws—as when Wiggins Teape announced the closure of its pulp mill at Fort William a fortnight ago—then the area suffers disproportionate problems. There is just no other employment for those made jobless.

There is a further economic problem in these areas—the provision of second-generation employment. The surviving paper mill gives work for hundreds in Fort William, but who will employ their children when they are grown up. Even before the pulp mill closure Fort William needed 1,800 jobs in the next five years to absorb the school-leavers.

The answer is to generate more small-company employment, especially in the remote communities of Wester Ross where a five- or ten-man business can have an enormously beneficial effect.

The difficulty in the Highlands ist o find land and, when it is found, to develop it economically. This might seem preposterous in Britain's least inhabited region but land is tightly owned here and the owners are not disposed to part with it easily. Even if it becomes available it is frequently unsuitable or the infrastructure is so costly to instal that second and third thoughts have to be given to development proposals.

At Mallaig, on the west coast, there is a site that is on a 60-degree angle and the Highland Regional Council had to blast the land, at high cost, to make it a developable proposition.

In Fort William one 90-acre site was found, of which a third was allotted for industry. But those 30 acres were peat land and this is also expensive to develop—probably £150,000 an acre, double what it might cost in more favourable spots. Such a cost is beyond the regional council, so it approached the Scottish Development Agency. So far nothing definite has emerged but even if the council got the go-ahead today it would take a year to clear the site and another year before any advance factories appeared.

Nor is the situation much better in Inverness. There, one of the industrial estates has drainage problems and at another, the Inverness District Council-owned Longman estate, the town council appears, according to its critics, to be hampering development by limiting its sights to manufacturing industry. It could attract distribution firms but it is not council policy to cater for them unless all else fails.

Village

The Highland Regional Council, by contrast, will take anyone and has done so at both Inverness airport and on the 44-acre Wick airport estate. Its policy is to cater for large developments on sites such as these and to get a small business in every village. It has concentrated on putting up the smaller advance factories, leaving the Highlands and Islands Development Board (HIDB) to construct the larger ones. But what it would really like is to see the Scottish Development Agency (SDA) take over responsibility throughout the region—as it does everywhere else in Scotland outside the HIDB's area.

This is hardly feasible now. Like everyone else, the SDA is having to rein-in its activities, a policy (admittedly forced on it) which leads those living in the north to think that the agency is not really concerned with their part of the world.

So very much, therefore, hinges on oil, gas and petrochemicals and the Cromarty Firth. There is land available here—728 acres zoned at Nigg, 1,358 acres at Invergordon and 422 acres at Evanton. The importance of this land is that it could produce spin-off industry.

The north has suffered because many if not most of the major companies sub-contract much of their work out of the area—to Glasgow, to the English Midlands and South East, or abroad. The north needs the available land to be taken by companies which will cater for this sub-contracting work and at the same time provide second-generation employment.

Since the Government, in its present mood, is not going to provide the finance, the private sector will simply have to be banker. Companies like Highland Deep Haven have shown that it is possible to get industry to sites where there are attractive facilities. They believe that the completion of the bridges and roadwork on the A9 will work wonders for the area.

They also know that all this depends on the Government being resolute on encouraging oil into the Firth. So even if no money is involved, much depends on the Government being willing to take the essential decisions.

Anthony Moreton

Service industry the main source of demand

ALTHOUGH GLASGOW is the third largest UK centre for office space it has lagged behind other cities like Edinburgh and Aberdeen in the growth of rents. In their annual review to be published in the next few days, surveyors and agents Richard Ellis argue that restricted supply in the most attractive central area will mean a sharp increase in rents this year, perhaps reaching a record £5 per sq ft.

According to Richard Ellis's analysis, supply and demand are likely to run parallel over the next few years. For the remainder of 1980 demand will be reasonably slack, with some bright spots such as the expansion of business services and computing. But the availability of new space will be limited, with only two new developments (both pre-let) totalling 48,500 sq ft due for completion. Tr situation should eass next year, when there are nine projects scheduled to come on the market, offering 322,000 sq ft, although a third of this has been reserved so far. Demand for space should also be rising then and continuing through 1982-83.

The latter half of last year saw a number of inner city refurbished properties come on to the Edinburgh market, commanding rents of £4.50 to £5. These tend to be fairly small units and, though some have taken a few months to let, are in reasonable demand.

ESTIMATED DEVELOPMENT IN GLASGOW
(Completion by 1980-83)

Year	Total sq ft	Number of schemes	Owner occupied/ pre-let space
1980	48,500	2	48,500
1981	322,000	9	109,000
1982	155,000	4	
1983	182,000	4	

Source: Richard Ellis Research.

Agents Kenneth Ryden and Partners report less enthusiasm for larger blocks, and units of over 10,000 sq ft have not been so easily let. Tenants looking for less space seem to prefer an older modernised property than a modern open plan office where they will be involved in fitting partitions, carpeting, lighting and so on. Only one large block, Wimpey's 67,000 sq ft Rosebery House, is due for completion in the first half of this year.

Aberdeen continues to be the most expensive location in Scotland, with rents of £6 in the centre. However, a number of oil companies which took short-term space are now moving out of the centre into purpose-built headquarters blocks of their own, so the present very tight supply should ease. There are also a number of new schemes planned for the harbour and station area.

Demand in Dundee remains slack, with rents at only £2.50-£3 and around 150,000 sq ft available on the market.

Buoyant

Despite the turn-down in the Scottish economy demand for small and medium sized industrial and warehouse units remains fairly bouyant, particularly for those estates which have good communications. Rents have shown some growth, reaching around £1.70 a sq ft in Glasgow, £1.80 in Edinburgh and £2.20 in central Aberdeen.

Some areas where there are large industrial projects to provide stimulus are likely to show growth. South Fife, close to Shell-Esso's Mossmorran gas complex, is the most notable example, but the Cromarty Firth could prove very popular if the projects presently planned there go ahead.

The Scottish Development Agency has some 3m square feet available at present, most in the Strathclyde region. Mr. Chris Aitken, commercial manager, reports god demand for units of up to 10,000 square feet Interestingly the agency is now building its large units so that if necessary they can be subdivided.

New units above this size are slow to move. The real drug on the market is, however, the very large old factories left after industrial closures. A number of these sombre premises, in both public and private hands, have made the West of Scotland look like a white elephants' graveyard. Local authorities sem reluctant to reconsider their planning consent to allow them to be used for anythink other than manufacturing and the search for a large employer who will take over a plant such as the former Massey Ferguson factory at Kilmarnock or the Goodyear or Weir Pumps plants in Glasgow sems to be fruitless. The few large scale manufacturers that are searching internationally for sites are in such demand that they can command the best sites and the best buildings.

There is one way that new life can be put back into these mausoleums—by dividing them up into much smaller units. In Scotland the technique has been pioneered by BSC (Industry), with its very successful workshops in the redundant Clyde Iron Works, Glasgow. James Barr, and Son and Richard Ellis are having some success doing the same thing to a 200,000 sq ft plant at Livingstone Street, Clydebank, and the Scottish Development Agency seems certain to break up the Singer plant in the same town if, as expected, it acquires the 200 acre site from the company.

The demand for shop space in the cities and smaller towns has continued to run well in excess of supply. As incomes in Scotland have climbed towards the national average the country has become attractive for the large retail chains, which have been expandng their networks steadily. Some have fixed ideas about the quality of the premises they need and the location and are preared to wait for the right space to come on the market.

A decline in consumer spending power over the next year is likely to take the heat out of the market, but the underlying trend still seems to be steadily upwards. In city centres rents have continued high, reaching £75-£80 in hte prime shopping streets of Argyle Street, Glasgow, and Princes Street, Edinburgh.

But rents are not the only cost that retailers have to carry and since the 1980-81 rates demands have gone out the very high cost of being in the city centre has been brought home. Edinburgh is the most acute example, where the regional council has increased its rate by 40 per cent, and there is presently the almost unprecedented situation of shop premises lying vacant on Princes Street.

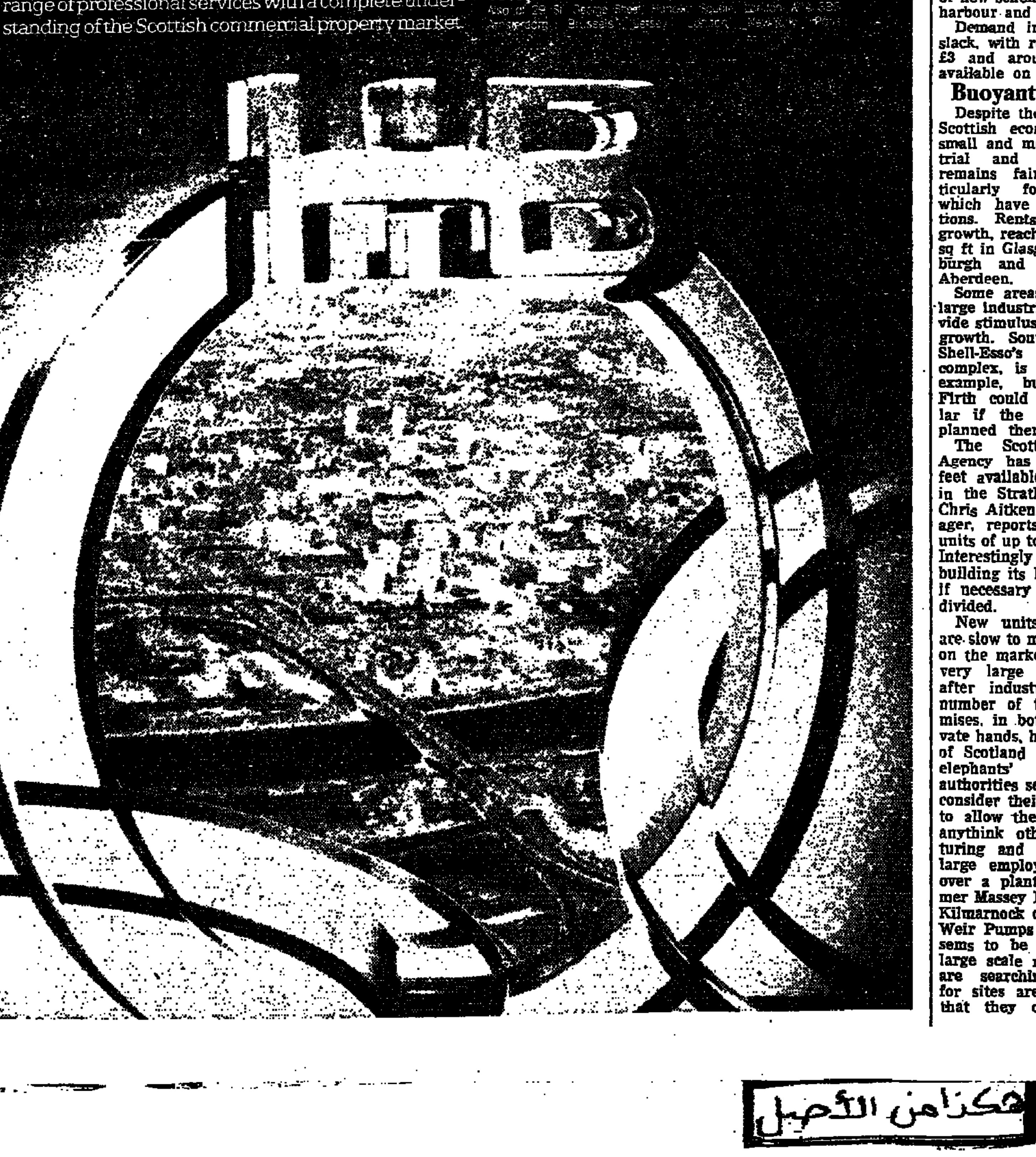
House prices in Scotland are moving after a slack winter period when low demand tended to depress the market. The Scottish Branch of the Royal Institute of Chartered Surevyors in its latest quarterly report estimates that homes at the top end of het market are fetching 10 per cent more than at the peak last spring.

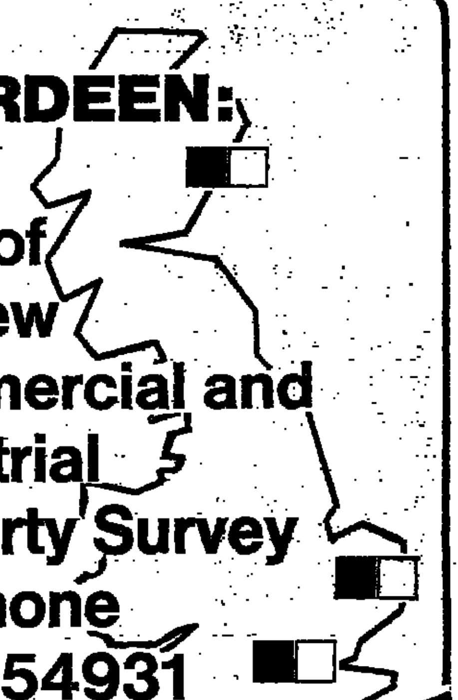
The difficulty in obtaining mortgages has had an effect on lower priced houses and flats, but the entry of the Scottish banks into housing finance has helped to keep the market moving at the top end.

There is general agreement, though, among estate agents and surveyors that the tight mortgage position will prevent a recurrence of the boom experienced last year when prices rose by 20-30 per cent between January and June, only to fall back later in the year.

The Glasgow agents Slater, Hogg and Howison calculate that prices rose by 3 per cent in the three months to the end of March, much in line with the average 12 per cent for 1979 as a whole.

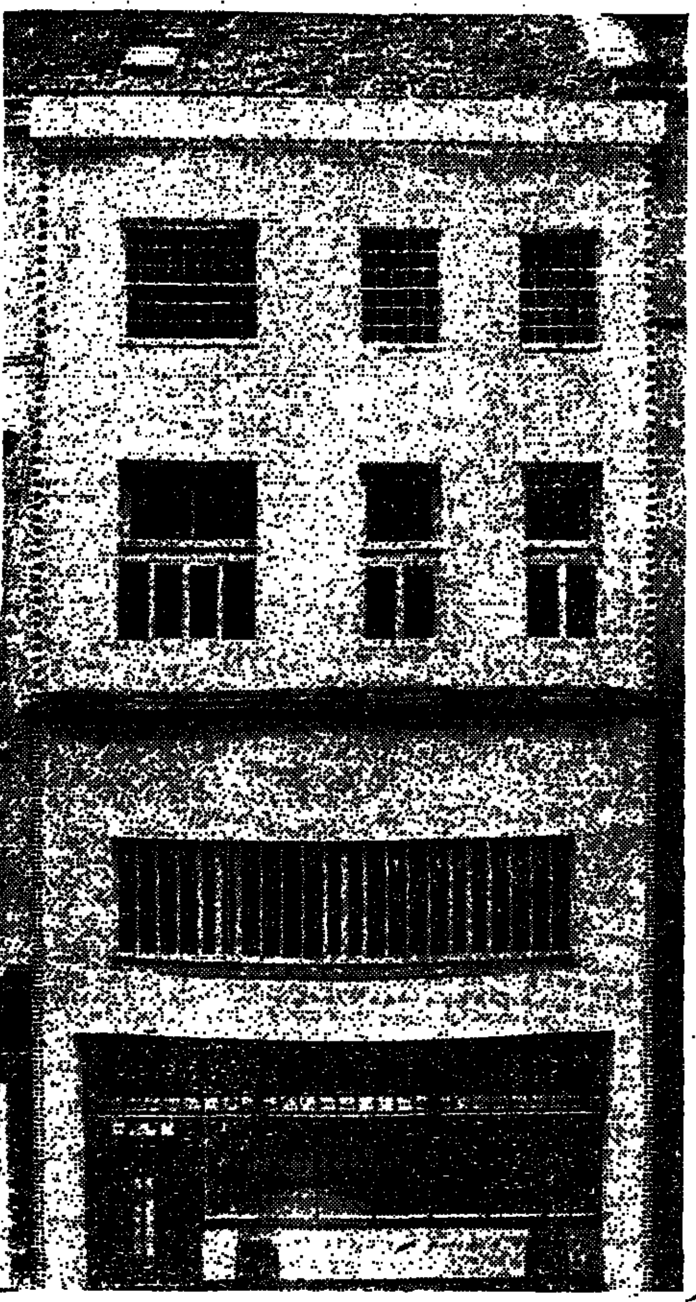
Ray Perman





PROPERTY IN SCOTLAND III

Hit by Whitehall axe



The Willow Tea Rooms, Sauchiehall Street, Glasgow, has been restored to the original design by the distinguished architect Charles Rennie Mackintosh. The development, by the Arrowcroft Group for the London Transport Pension Fund, also includes 11,500 square feet of office space

GOVERNMENT POLICY has been affecting the property market in Scotland in a number of substantial ways since the Conservatives took office a year ago.

The most dramatic effect has been produced by the cuts in regional aid. Before the Department of Industry's review of assisted areas last July, the whole of Scotland was a qualifying area for grants. Most of the country had development area status, meaning that virtually automatic grants of 20 per cent were available towards the cost not only of plant and machinery but also of new buildings and works constructed for manufacturing industry.

Places particularly hard hit by economic decline were especially favoured with 22 per cent grants and even in the Aberdeen district, where the spin-off from oil had brought relative prosperity, 20 per cent could be obtained against the cost of new factories.

Nor was that all. Tax allowance of 54 per cent were given against new buildings for manufacturing and a variety of loans and grants could be given at the discretion of the department.

Some service activities, such as warehousing and distribution could also qualify for financial assistance and even the building, extension or modernisation of hotels was eligible for tax relief.

That situation has been changed drastically. Large parts of Scotland are now unassisted or have been downgraded (say from development area to intermediate area) and the level of grants has been reduced. In particular the building grant previously available in intermediate areas has been abolished.

The Government's overall aim was to reduce the cost of the regional aid scheme, so civil servants were given much more stringent guidelines to apply when assessing companies for discretionary grants or loans. They have also been encouraged to delay the processing of successful applications, so that some industrialists, even in the special development areas, which still attract a 22 per cent grant, have been complaining that it takes as long as seven months to receive their cash.

The effect this cutback is having on investment intentions

It can also be seen in the latest Confederation of British Industry trends survey for Scotland, published last week. Confidence continues to weaken and 44 per cent of companies replying said that they intended to authorise less spending on buildings in the next four months, compared with only 15 per cent that expected an increase.

Reduce

With economists forecasting a further drop in output in Scotland through 1980, this situation looks certain to continue. It will reduce the demand for industrial property and make it even more difficult for those agents with large industrial units—such as the empty Goodyear and Weir Pumps factories in Glasgow, and the Monsanto and SKF buildings in Ayrshire—to shift them.

It is unfortunately likely to accentuate the division between public and private agencies in the provision of factories for manufacturing industry. Already the vast majority of manufacturers looking for factories go to either the Scottish Development Agency or to one of the new towns or local authorities for their buildings and land. Privately funded estates have tended to concentrate on warehousing and distribution as much more reliable tenants, less susceptible to the cold winds of the recession.

In other ways Government cutbacks have also reduced property demand. The abandonment of devolution, for example, has removed a powerful stimulant to the Edinburgh property market and the general cuts in the budgets of all administrative departments has meant that the Government is no longer a rapacious devourer of office space in the capital or in Glasgow.

The first fruits of the decision to trim the plan to disperse civil servants from the South East is also being seen, with the offer for sale by Kenneth Ryden and Partners of the 4.35 acre Argyle Street site in Glasgow which was to have been used by the Ministry of Defence. It is probably one of the largest sites on the fringe of the city centre to come on to the market for some years and is likely to stick there for a while.

The core policy of the Government—reducing inflation by restraining the growth in the money supply—is bound to have this depressing effect on all industrial activity. But there have also been actions by Mrs. Thatcher's administration which should stimulate property demand.

The main one was the introduction in the budget of a reduced rate of Corporation Tax and other financial benefits for small businesses. The demand for smaller factory units has been the only sector of the industrial property market to show any buoyancy lately and any boost to it would be welcome.

Another Government initiative has been in the renewal of decaying urban areas. The success of public agencies, including the Scottish Development Agency, the Scottish Special Housing Association, local authorities and British Steel's job creation subsidiary BSC (Industry), in revitalising the Garnock Valley, Ayrshire, and the East End of Glasgow, has been acknowledged by the Government in the identification of further schemes for Dundee and Clydebank.

But so far the involvement of private developers has been minimal. To be fair to them, their formal co-operation has not been invited, but it is to be hoped that in any future schemes a place for private initiative and capital will be found. The opportunity should present itself in the fact that local authorities are finding their own housing budgets severely restrained and will be encouraged to release building land in inner city areas to the private sector.

The Government is also about to designate the first Enterprise Zne in Scotland, probably naming the 200-acre Singer factory and site in Clydebank, which will become vacant when the company closes it in June. "Enterprise," one might have thought, would go automatically with the word "private" in this Government's vocabulary, but at the moment there are no plans to give private developers a share of the action. The building will probably be acquired and split up by the Scottish Development Agency.

R.P.

Constraints on housing

THE Tenants' Rights (Scotland) Bill, now making its way through Parliament, again focuses political attention on housing in Scotland and brings the possibility that the problems facing the public and private sectors could start to overlap.

The Bill has a number of provisions, but its most controversial is the absolute right it gives to council house tenants to buy their homes from the local authority. After it becomes law in the summer the Government will be able to force Labour controlled district councils (who are in the majority in most of the areas where the Bill will be especially relevant) to apply a policy which is an anathema to most of them.

The pattern of housing is different in Scotland from in England and Wales because of the very much larger size of the public sector. On the latest available figures, 54 per cent of Scots live in council homes, compared to 30 per cent of English and 29 per cent of Welsh. The public sector north of the border is proportionately larger than that in most European countires, including Hungary, which has nearly twice the proportion of owner-occupiers.

This situation has been changing in recent years, but only very slowly. Local authorities, under Government pressure to cut expenditure, have been cutting back on new house building and at the same time the rise in general living standards has encouraged aspirations towards owner-occupiation. But it was not until 1978 that the number of private sector completions in Scotland exceeded the number of houses built by public authorities.

The sale of council houses is not new to Scotland and it has played a part in this continuing move towards home ownership, but until now the part has been a very small one.

Since 1970 the number of houses sold has been around 8,500, less than 1 per cent of the total public sector housing stock. Selling reached a peak under the Tories in 1973, but with the return to power of Labour the following year, house sales slumped as the Government applied strict tests governing the desirability of sales. Added to this was the fact that demand was hardly overwhelming.

The present Government is confident that it can change the situation. It will free the supply side of the equation by removing restrictions and compelling reluctant local authorities, and will stimulate the demand side by offering discounts of between 30 and 50 per cent on the market value of homes.

From an average of less than 1,00 sales a year over the past decade, the Government wants to see 5,000 plus sales on the first year after the Bill comes into force and to see the trend accelerating thereafter. Mr. Malcolm Rifkind, the Scottish Minister responsible for housing, says that there has already been 30,000 inquiries from potential purchasers.

The opposition to the Bill from Labour, the Scottish National Party and pressure groups such as Shelter, stems mainly from the belief that Scotland can not yea afford to sell part of its public housing stock. Although for some years the number of homes in Scotland has been greater than the number of households, this apparent surplus masks huge problems of sub-standard housing and overcrowding.

Tenants who wish to buy are naturally those in homes they like. But a guide to how many live in homes which they do not like, or which are not large enough, or are in some other way not suitable for them, is the size of local authority transfer lists — the registers of people wanting to move from one area to another within the same district council.

Glasgow, to give the most extreme example, has more than 50,000 on its waiting list, but a further 25,000 on its transfer list.

Anyone who knows the city's housing will realise that the vast majority of people on this list want to move from the impersonal and vanadalised large estates or tower blocks to the much more pleasant developments of semi detached houses with gardens, built usually pre or immediately post war. The fear among opponents of the Bill is that an intensive programme of house sales will take this sort of housing out of the public sector, condemning those tenants on lower incomes to live in the less desirable areas.

Painful

Rehabilitation of poorer council homes is going on, but it is a painfully slow process, made slower by renewed cutbacks in local authority spending. It is very unlikely that Glasgow's modernisation programme will be complete before the end of the century. Meanwhile, the present state of the city is starkly described in the district council's own comments on its housing plan.

"The plan provides evidence of a catastrophic failure over 30 years to deal effectively with the planning, designing, constructing and managing of housing in the city. . . . The council is appalled at having to record that after spending nearly £500m in the course of redevelopment, the city should contain so man yvast areas of public housing more like transit camps than communities, from which many of the ctitzens wish to move to more favourible areas."

But council house sales on a large scale also pose another problem and one that affects the private sector. These sales wil need to be financed and it is unlikely that local authorities will be able (or in the case of Labour-controlled councils, willing) to foot the whole bill.

An extra burden is, therefore, going to fall on building societies, who are already hard put to meet the demand for housing finance from the growing number of first-time buyers in Scotland. Not all the council buyers will be additional, of course, since some would have been looking for private homes to buy even if they had not been able to purchase their houses as sitting tenants. But the large discounts offered are bound to tempt some long-standing tenants to buy who would not otherwise have done so.

Mr. Laurie Barratt, chairman of Barratt Developments, one of the fastest growing construction companies in Scotland, has pointed to the problem of finance as the major constraint on new private housebuilding, ranking above even the acquisition of land—which, incidentally, is becoming easier as local authorities find they cannot afford to build on derelict or cleared inner city sites.

It would be a sad irony if the Government's own attempt to raise the lamentably low level of owner occupation had the unlooked for spin-off effect of holding back private sector building.

R.P.

THE PROPERTY MARKET BY MICHAEL CASSELL

Slough detects a weaker market

INCREASING DOUBTS about the strength of the industrial property market in the months ahead have not stopped Slough Estates from deciding to press on with a new 200,000 sq ft scheme at Crawley in Sussex.

In announcing the new development to shareholders at this week's annual meeting, Mr. Nigel Mobbs, chairman of Slough, said that despite the downturn in the economy the demand for industrial property in some important areas was still good.

But Mr. Mobbs suggested that some regions were now beginning to show what he described as "signs of weakness" and, after the meeting, Mr. Wallace Mackenzie, Slough's managing director, painted a realistic picture of what lies ahead.

"The market is clearly less buoyant than it was even a month ago but in spite of all the bad news on the economic front there remains a level of demand which is really quite surprising given the circumstances."

Mr. Mackenzie says, however, that industry is often slow to react to a changing business climate and he believes that the present downward trend in demand is set to weaken the market still further.

Slough itself will not be too worried about prospects, given a top-class development policy which has provided it with a built-in and well proven resilience to tough markets. Mr. Mobbs, who underlines the difficulty of making forecasts given uncertainty about interest rates, says he expects —"subject to no unforeseen circumstances" — some improvement in profits this year.

The company says that areas of strong demand for industrial space still exist and it believes that Crawley is one of them. At the start of the year, Slough purchased a 6-acre site on competitive tender from the New Towns Commission and it has now bought an adjoining 4½-acre site from the same owner.

Development on the £5m scheme, which is close to Gatwick Airport, will begin within a few months. Half of the first phase is already lined up for a local customer although the second phase will be completely speculative.

The first units will be available by the end of this year and the remainder of the first phase should be on the market by the spring. What will the demand for industrial space be like then? According to Mr. Mckenzie, the national scene might not look too good but a strong local market in the Gatwick area should ensure a smooth lettings programme.

Bank takes Bishopsgate

DEUTSCHE BANK AG is to take about 70,000 sq ft of space at 6-8 Bishopsgate, the City office building developed jointly by Baring Brothers and Electricity Supply Nominees.

The German bank is understood to be paying between £23 and £24 a sq ft in a deal which will see it joining Baring Brothers as the building's major occupants. Occupation is due in the summer of 1981 and Deutsche Bank intends to sublet several floors.

The 150,000 sq ft office building provides top quality accommodation in a prominent banking location and the terms achieved have, as an indicator of how prime City rents are moving, been eagerly awaited. Some market expectations might have been upset with the result, although it still represents a milestone in rents for big space.

Last November, space in Morgan House EC2 went at around £22.50 a sq ft, although most subsequent sub-lettings have been at a lower figure. Lettings at over £20 have not been plentiful in the City and although small suites have reached £26 or more, rentals for larger space have failed to break the Morgan House barrier.

ESN and Barings are apparently happy with the outcome, mindful of the fact that Deutsche Bank will only be part-occupiers of the building and that they are taking lower floors which are heavily overlooked. In addition, an early start to rental payments is thought likely to offset any possible rise in rents in the months ahead.

Bath shop battle over

ONE CAMPAIGN in the war being fought between the large grocery multiples for prize town centre sites was virtually brought to an end in Bath this week with a victory for Sainsbury.

The decision by the Bath City Council policy committee to back Sainsbury's bid to build a 24,000 sq ft supermarket on the three-acre Green Park station site near the city centre has left Tesco smarting over its defeat.

Under the terms of the deal, which is expected to be ratified at a full council meeting shortly, Sainsbury is to pay the city £1.72m for a 125-year lease on the site and has agreed to restore the station facade and train shed. Total cost of the development could be in the region of £3m including £1m for the restoration work.

Tesco is smarting because its last minute offer to pay the council a higher premium of £1.8m for a similar-sized store was rejected by the policy committee. Tesco says that the site should have been put out for tender with the development going to the highest bidder.

The retail chain had earlier proposed to build a hotel and store complex in consortium with local developers but this plan was scrapped and alternative proposals submitted by Tesco just hours before the policy committee met.

The council, which acquired the station site from British Rail in 1972, had strongly favoured a hotel development but eventually decided against this proposition after several earlier hotel schemes, including ones from Holiday Inn and Phillips Industries, had failed to materialise.

Mr. Ian Dewey, until very recently chairman of the planning committee, said that last summer the council had decided to delay no further. Although the site was still the subject of a planning inquiry it had opened negotiations with Sainsbury, local development partner Stonechester and BR—which controls an important access to the site—to hammer out a new agreement.

The result is that Sainsbury, given the size of the city and the acute shortage of sites, will effectively control the lucrative multiple grocery trade in Bath. It already has an existing 7,000 sq ft store in the city centre which will be vacated when the new premises, which will have car parking for 500 vehicles, are available.

Bath remains one of the most attractive provincial retail centres in the country but opportunities for investment and new development are few. According to a recent study carried out by agents Hartnell Taylor Cook, turnover from Bath shops increased by 40 per cent in the decade from 1961 while the number of shops increased by only 1 per cent during that period.

Presently the only major shopping development underway is Haselmere's £2.75m reconstruction of the former Plummer Roddis block in the city centre which, when completed in 1981, will provide 44,000 sq ft of shopping space and 20,000 sq ft of offices.

Hartnell Taylor Cook estimate that income from the 12 shops and small store in the scheme will, after ground rent, be "substantially in excess of £200,000 a year."

More recently British Airports Authority Superannuation Scheme acquired the former Austin Menswear shop at 1/2 Union Street for more than £1m. The 2,100 sq ft retail area is to be occupied by shoe retailers Peter Lord on a 25-year lease. An initial rent of £45,000 rising over five years to £50,000 is thought to be the highest rental so far achieved in the city centre.

The shortage of new development opportunities has led to some handsome premiums being paid for existing leases. In June last year Star Jeans paid a premium of £70,000 for the remaining 18 years lease—with four year reviews—of 28, Stall Street, held at a rent of £6,250 a year.

This three-floor building, like many other shops in the centre, is owned by the city council and has a frontage of only 17 ft 6 ins with a ground floor sales area of 750 sq ft.

The acute shortage of space in the prime shopping area — with an estimated 51 per cent of more than 600 town centre shops owned by the council—should ensure the prosperity of the Bath retail market. Meanwhile Tesco, pending the expected "rubber-stamping" of the Sainsbury agreement by the council, has abandoned its plans to establish itself in the city.

BY ANDREW TAYLOR

Office park for Leeds

PETROS DEVELOPMENT is planning a 100,000 sq ft office park at Headingley in Leeds. The Manchester-based property company paid over £2m for a six-acre site previously owned by the Wool Industry Research Association and is now in the process of converting outline planning permission into detailed consent.

The Petros scheme will be close to the Headingley shopping centre and the motorway network and will involve extensive mature landscaping. The company claims it will represent the only substantial suburban office park in the North and it should be complete within two years. Funding for the scheme is understood to be well advanced.

● Juneville, a subsidiary of Harbour Development Group, has refurbished 32,000 sq ft of office space at 17-29 Sun Street EC2 and let the building to British Olivetti at £250,000 a year. Baker Harris acted for Harbour Development and Mellersh and Harding represented Olivetti.

● International Distillers and Vintners have taken a 30-year lease on 276,000 sq ft of the former Green Shield warehouse complex at Daventry. The asking rent was £550,000 a year. Sweby Cowan McGlashan were letting agents and Chamberlain and Willows acted for International Distillers.

● Legal and General Assurance (Pensions Management) has acquired the heritable interest in 11-15 Murraygate, Dundee, from James Grant (East) for £1.44m. Two shops are let to Dorothy Perkins and Jean Jeannie (the latter on a new lease at £35,000 a year) and four upper floors have been leased back to James Grant. Lambert Smith, Clive Lewis and Knight Frank and Rutley acted for L and G.

● Denis Clayton, insurance brokers, have taken 6,100 sq ft of air-conditioned space at 65-68, Leadenhall Street, EC3. Asking rent for a long lease with five-year reviews was £68,500. Vigers acted for Claytons.

● Nikon has leased 13,500 sq ft of space at the Fulham Centre, Fulham Broadway, at an annual rental of £115,000. King and Co. and Jones Lang Wootton acted for landlords Romulus Construction.

● Debenham Tewson and Chinnocks say that more space came on to the City, Holborn and City fringes market in April than in any month since it began its monthly floorspace survey in 1978. But although 657,000 sq ft became available, the volume of space let, sold or under offer rose to nearly 400,000 sq ft, resulting in a marginal net increase of space available and bringing the total to just over 1½m sq ft.

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business located in North West of England, present turnover £235,000.
Write Box G.5934, Financial Times, 10 Cannon Street, EC4P 4BY

STEEL FABRICATION & MACHINING COMPANY FOR SALE
SITUATED READING
2,400 sq ft Offices
17,000 sq ft Works
Valuable lease by negotiation. Present t/o £700,000/annum. Contractors to various Government departments. Previous Queen's Award to Industry winner.
Enquiries write to Box G5932
Financial Times
10 Cannon Street, EC4P 4BY

Unique opportunity for company requiring
ROTATIONAL PLASTIC MOULDING
facilities, company expansion, investment
We are a small company with expertise and unique new developments, but require capital. Minority or majority involvement considered. Principals only need apply.
DAWMAN CO. LTD.
Pasture Lane Works, Barrowford
Nelson, Lancs., BB9 6ES

MAGAZINE FOR SALE—Monthly consumer magazine for sale. Net profits of £41,000. Sale price of around £40,000. Tel: 624 7894.

AIR CHARTER/ TAXI BUSINESS FOR SALE
South Humberside area
10,000 sq.ft. hangar and office space, sole use of aerodrome with 3,000 ft. runway. Fully licenced. All the assets are available including aeroplane, runway lighting, radio and various vehicles.
Grimley & son
021-236 8236

Manufacturing North West
Owner of small profitable manufacturing concern (79/80 £400,000 t/o) with a monopoly product supplying European car manufacturers wishes to realise some capital but retain an interest. Expansion in existing and other fields limited by present facilities. May suit OE manufacturer wishing to increase exports and diversify into the domestic product market. Full order book with very rapid expansion possible. Existing patents included in the deal.
Write Box G5930, Financial Times 10 Cannon Street, EC4P 4BY

FOR SALE
Group of Companies engaged in all aspects of Asbestos Removal business together with various allied trades. Based in South East England but operating throughout the United Kingdom. Up-to-date plant, equipment etc. and substantial portfolio of clients.
TRADING FROM FREEHOLD PREMISES
OFFERS INVITED
Write Box G5929, Financial Times 10 Cannon Street, EC4P 4BY

FOR SALE
A well-established facility of an International Company, located in the West Midlands and manufacturing light to medium fabrications for the Agricultural and Off-Road Vehicle markets, is available for sale
A range of products is being profitably produced by a competent workforce who are presently restrained by a lack of customer demand.
Offers are invited for a 4,650 square metre open-plan factory on a 36,425 square metre freehold, site, fully equipped with the tools and fixtures of its trade.
Apply in the first instance to Box G5882, Financial Times 10 Cannon Street, EC4P 4BY

TAX LOSSES FOR SALE
IN GENERAL TRADING COMPANY
Currently a subsidiary of a public company.
Write *Box G.5925, Financial Times, 10 Cannon Street, EC4P 4BY*

HOTELS AND LICENCED PREMISES

PRIME SOUTH COAST RESORT—SUPERB THREE-STAR HOTEL All-year trading from excellent holiday and conference business, with all 40 beds with en suites. Restaurant 120. Swimming pool. 3 lounges, ideal conferences, recently modernised kitchens. Large car park + garden. Fire certificate. Established management. Exceptional turnover and profitability. should show 20% this year on capital. Price: £550,000 for immediate sale. Confidential information ref: J.R.S.
CENTRAL SURREY COMMUTER AREA—AN EXCEELENT PERIOD FREEHOUSE AND INN with character bars and minstrel gallery. Superb modern cocktail bar and quality restaurant with up to 90 covers. Five double beds (all en suite), games room. Range of buildings incl. staff/owners cottage with nine rooms, office suite. Approx. 1 acre. Excellent business and turnover. Recommended. Freehold £345,000. Ref: H3297.
SUPERB HOLIDAY COMPLEX BUSINESS with 2 magnificent character properties providing 15 s/c flats, four 1 bed, the remainder 2, 3 & 4 beds, in magnificent wooded setting. Approx. 2 acres secluded grounds. Hight quality property and business is offered at £600,000.
SOUTH COAST. Magnificent 3 star hotel providing 120 beds., mostly en suite. This superb property to high standard, is well equipped & established as all year trading hotel. Excellent conference rooms inc. ballrooms, restaurant to seat 250, bars, etc. Exc. business, 20% return likely. Price £1.35m. Also member hotel available at £750,000.
OUTSKIRTS BOURNEMOUTH. Block of nine 2 bed s/c flats to be built Ideal for Superior Holiday Business. Freehold available £250,000.
Contact: Hotel Department
GOADSBY AND HARDING
Borough Chambers, Fir Vale Road, Bournemouth - (0202) 294404

N. SOMERSET
Period Hotel in 3 acres dating from 1630. 12 bedrooms (all P.B.) Superb range of public areas. Freehold and Contents £205,000.

SOUTH KENSINGTON
Modern Hotel, 100 Rooms (all P.B.). Good public rooms. Car park. Licensed. Virtually Freehold. £1.9m.

OXON
Unique Country Hotel in 5 acres. 14 Bedrooms (all P.B.). Excellent range of conference and public areas. Freehold and Contents £300,000.

VICTORIA
Prominent Tourist Class Hotel of 67 bedrooms. Spacious public areas. Valuable long ground leases. Price: £900,000.

DRUCE EST
23 Manchester Square
London W1A 2DD
Tel: 01-486 1252

miller & CO 17 Branches covering CORNWALL
BOCHYM MANOR, THE LIZARD
Period property with established use as Freehouse and Restaurant. 8/10 bedrooms, panelled walls. Grounds of approximately 16 acres. Stable block with clock tower. Beautiful setting with attractive grounds
FOR SALE BY AUCTION 16th JULY 1980
(unless sold previously by Private Treaty)
BUSINESS HOTEL & LICENSED TRADE DEPT.
The Mansion House, Princes Street, Truro, Cornwall
Tel: Truro (0872) 74211 - Telex: 45684

DIVERCO Limited
FOR SALE
Well established
SHEET METAL FABRICATORS
including Design and Erection
Gauges to 1" plate. Large customer spread. Very experienced labour and management. Freehold 4½ acre site. 30,000 sq ft factory. Present t/over £700,000. Net assets approx. £250,000. Non-Exec. owner retiring but young Managing Director would continue. Located North-East.
4, BANK STREET
WORCESTER WR1 2EW
Telephones: 0905 23790 · 22603

Luxton & Lowe Ltd
70 Bedrms: Class 14 use as Nursing Home or similar. Charming Earls Court Square Corner site. Currently Hostel. £875,000 Freehold.
Business Chambers
98a Burlington Road, New Malden
Surrey - 01-949 5461 - PBX

SALE OF OR INVESTMENT IN ESTABLISHED
INSURANCE BROKING COMPANY
Management will remain. Profit before tax £100,000. Commercial and industrial clients only. Mainly fire and accident. In house business 5%. Principals only. Early agreement required.
Write Box G5902, Financial Times 10 Cannon Street, EC4P 4BY

Substantial specialist
PRINTING BUSINESS FOR SALE
Turnover over £2m.
Freehold Premises.
Colebrook, Evans & McKenzie
Auctioneers & Valuers
5 Quality Court, Chancery Lane
London WC2A 1HP

EMPLOYMENT AGENCY
Specialist professional Recruitment Agency with fee income from Temporary and Permanent sales of £750,000 p.a. for sale with branch offices. Asking price £600,000 for pre-tax profits of £200,000.
Principals only write to:
Box G5837, Financial Times 10 Cannon Street, EC4P 4BY

METALS
Business selling mainly ferrous and non-ferrous metals for sale as going concern. The beneficiaries of this small family business wish to sell as soon as possible. Well known and respected name in market sector. Location: London.
Write Box G5922, Financial Times 10 Cannon Street, EC4P 4BY

FOR SALE
COMMERCIAL VEHICLE GARAGE
With franchise for major European importers. Situated in a main industrial area in Yorkshire. Principals only
Write *Box G 5933, Financial Times, 10 Cannon Street, EC4P 4BY*

Manufacturing Contract Furnishing Company for Sale
Turnover in excess of three-quarters million pounds. Business comprises: Supply of components and complete items to manufacturers: Distribution to the trade of office and commercial furniture for selected manufacturers: Execution of contracts: Furnishing projects involving a wide variety of products to important outlets in the U.K. and abroad.
Reply to: P. G. Picket, F.C.A., 60 Woodbridge Road, Guildford, Surrey.

MODERN LIGHT AND MEDIUM SHEET METAL AND GENERAL FABRICATION WORKS
SUFFOLK
21,000 SQ. FT.
For Sale As A Going Concern together with assets and tax losses in East Anglia
Write Box G.5748, Financial Times, 10, Cannon Street, EC4P 4BY.

SALE OF
STRUCTURAL AND FABRICATING COMPANY
SHEFFIELD
Structural and fabricating limited company situated in Sheffield for sale as going concern.
Site Area 1.48 Acres
Workshop area 25,000 square feet with separate offices and stores. Long lease. Huge potential for expansion of fabricating business.
Write Box G.5927, Financial Times, 10, Cannon Street, EC4P 4BY.

BUSINESSES WANTED

CHEMICAL SPECIALITIES DETERGENTS, DISINFECTANTS, ETC.
Our client wishes to acquire an equity in a small company in this field wanting funds and new product for growth, which:
—is well managed by proprietors and/or executives who would continue in their roles
—is a growth company
—sells chemical products direct to industrial and commercial users.
—manufactures its own products or has a satisfactory contract manufacturing arrangement
—needs funds for expansion
—is interested in selling a majority interest with the existing proprietors and/or executives retaining equity
—wishes to add to its product range by association with a company which is very successful and has large R & D facilities
Reply in confidence to
Alan Smallman, Cell Farm, Church Road, Old Windsor, Berks. or telephone Windsor (07535) 63729.

PRINCIPALS
Would be interested in purchasing a small injection moulding or vacuum forming business. Essential that the concern has modern tools and existing customers. Any area considered. Unprofitable concern with prospects would be considered.
Details in strictest confidence to:
KNIGHT & SONS
PO Box 4, 31 Ironmarket
Newcastle-under-Lyme
Staffs ST5 1RL

FOR SALE
After serious management upsets a manufacturing company with own product lines, good export record and potential. Freehold factory valued around £250,000 included in the asking price of £300,000.
Interested parties please write to:
C. J. P. Benbow
FINNIE ROSS ALLFIELDS
Lee House, London Wall
London EC2Y 5AX

Quality Printing/Finishing
A major Continental Company is seeking to acquire through its U.K. subsidiary, small to medium businesses throughout the United Kingdom. Companies which engage in Quality Printing—Litho/Rotogravure—for the Packaging Industry are of particular interest for outright purchase or majority participation.
Replies in confidence to Box G.5928, Financial Times 10 Cannon Street, EC4P 4BY

SOFTWARE HOUSE LONDON AREA
Small company or partnership desired for purchase or majority position.
SPECIALIST IN MICRO, MINI OR LARGE SCALE CONSIDERED
Write Box G5926, Financial Times 10 Cannon Street, EC4P 4BY

WANTED TO PURCHASE: Company involved in insulation contracting, and factoring of materials. Write Box G.5923, Financial Times, 10, Cannon Street, EC4P 4BY.

MIDLANDS PRINTING GROUP FOR SALE
We are Contractors, printing our own advertising publications. Also specialist suppliers of stationery for mini-computers and general commercial print. One freehold building, 8,000 sq ft plus leased premises. Turnover exceeds £500,000
Write Box G5931, Financial Times 10 Cannon Street, EC4P 4BY

OFFSHORE PRIVATE COMPANY
Interested in acquiring whole or majority shareholding in medium sized companies with immediate cash flow problems and/or with long term fixed loan capital.
Write Box G5924, Financial Times 10 Cannon Street, EC4P 4BY

GROUP SEEKING EXPANSION
within the menswear industry wishes opportunities to purchase companies in this or closely allied fields. Write fully including details of any manufacturing facilities to:
Box G5489, Financial Times 10 Cannon Street, EC4P 4BY

BUSINESSES FOR SALE/WANTED
Appears every Friday
Contact:
DIANE STEWARD
01-248 5284

COMPLETE WOOLLEN SPINNING MILL DYSART, FIFE
Self-contained yarn spinning unit suitable for the manufacture of carpet and finer count yarns. Well-equipped with 4 x 72in. and 1 x 96in. cards (all Haigh Chadwick) and corresponding spinning, doubling and bundling.
For further particulars apply to
G. T. Moss
James Meikle & Co. Ltd.
Caledonia Works, Kirkcaldy
(0592 61681)

SMALL JEWELLERY FIRM for Sale £26,000 or investment considered. Accountant, No. 021-773 6241-2-3.

APPOINTMENTS

COMPANY NOTICES

TRONOH MINES MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of members of Tronoh Mines Malaysia Berhad will be held at the registered office of the Company, Wisma Bunga Raya, 152 Jalan Ampang, Kuala Lumpur, Malaysia on Monday, 16th June 1980 at 11.00 a.m. for the following purposes:

To consider and, if thought fit, pass the following as ordinary resolutions:

1. "That the profit and loss account for the year ended 31st December 1979 and the balance sheet of the company at that date and the consolidated profit and loss account for the year ended 31st December 1979, the consolidated balance sheet at that date and the consolidated statement of source and application of funds of the Company and its subsidiaries together with the annexed report of the directors be and are hereby approved and adopted and the final dividend of 90 sen per share, less tax at 40%, recommended therein be and is hereby declared payable on 17th June 1980 to shareholders registered at the close of business on 3rd June 1980."
2. "That Y. B. Dato Azman Hashim, who retires by rotation, be and is hereby re-elected a director of the Company."
3. "That Mr. A. J. W. Owston, who retires by rotation, be and is hereby re-elected a director of the Company."
4. "That Encik Abdul Samad Haji Alias, who was appointed since the last annual general meeting, be and is hereby re-elected a director of the Company."
5. "That Mr. F. K. J. Jackson, who was appointed since the last annual general meeting, be and is hereby re-elected a director of the Company."
6. "That Messrs. Peat, Marwick Mitchell & Co. be and are hereby appointed the Company's auditors for the period until the conclusion of the next annual general meeting and that the remuneration to be paid to them be fixed by the board."

By Order of the Board
Chan Hon Keong
Secretary

Kuala Lumpur
23 May 1980

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the company. The form of proxy, to be valid, must reach the Malaysian Registrars' Office at Wisma Bunga Raya, 152, Jalan Ampang, Kuala Lumpur 04-06, Malaysia, or the United Kingdom Registrars' Office at Charter House, Park Street, Ashford, Kent TN24 8EQ, England, not less than 48 hours before the meeting.
2. There are no directors' service contracts required by The Stock Exchange, London to be made available for inspection at the meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Tronoh Mines Malaysia Berhad will be held at the registered office of the Company, 152, Jalan Ampang, Kuala Lumpur, Malaysia, on Monday, the 16th day of June, 1980, at 11.45 a.m. (or so soon thereafter as the Annual General Meeting of the shareholders of the Company convened for the same place and date shall be concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a Special Resolution:

Special Resolution

"That the regulations contained in the printed document submitted to this meeting and for the purpose of identification subscribed by the Chairman thereof be and the same are hereby approved and adopted as the articles of association of the Company in substitution for and to the exclusion of all existing articles of association thereof."

By Order of the Board
Chan Hon Keong
Secretary

Kuala Lumpur
23 May 1980

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
2. The Form of Proxy, to be valid, must reach the Malaysian Registrars' Office at Wisma Bunga Raya, 152 Jalan Ampang, Kuala Lumpur 04-06, Malaysia, or the United Kingdom Registrars' Office at Charter House, Park Street, Ashford, Kent TN24 8EQ, England, not less than 48 hours before the meeting.

PUBLIC NOTICES

GLASGOW DISTRICT COUNCIL

Bills issued 21.5.80 £2.5m at 16 5/16%. £0.75m at 16 1/2%. Maturing 20.8.80. Applications £30.75m. Bills outstanding £13.25m.

NEWCASTLE-UPON-TYNE

£12,500,000 bills issued 21st May 1980 due 20th August 1980 at 16 1/16%. Total applications £72,500,000. No other bills outstanding.

DEPARTMENT OF TRANSPORT

TOWN AND COUNTRY PLANNING ACT 1971

The Minister of Transport hereby gives notice that he has made an order under S. 209 of the above Act entitled "The Stopping Up of Highways (City of London) (No. 2) Order 1980" authorising the stopping up of Miles Lane, EC4.

Copies of the Order may be obtained, free of charge, on application to the Department of Transport, St. Christopher House, Southwark Street, London SE1 0TE (quoting GLRT 38/5002/7/019) and may be inspected at all reasonable hours at the Guildhall, London, EC2.

Any person aggrieved by the Order and desiring to question the validity thereof, or of any provision contained therein, on the ground that it is not within the powers of the above Act or that any requirement of that Act or of any regulation made thereunder has not been complied with in relation to the Order, may, within 6 weeks of the 23 May 1980 apply to the High Court for the suspension or quashing of the Order or of any provision contained therein.

R. S. WILSON
An Assistant Chief Engineer

PERSONAL

IN RECENT YEARS, misuse of poisons is known to have caused the death of nine golden eagles, six red kites and nearly 100 buzzards. And in 1978 and 1979, over 24,000 oiled seabirds were found dead on our shores. Help the RSPB in its vital fight against these serious threats. Without your help, we can't succeed. Please send your donation to Department FT23, The Royal Society for the Protection of Birds, The Lodge, Sandy, Bedfordshire, SG19 2DL. Registered Charity No. 207076. Thank you.

COMPANY NOTICES

OTZAR HITYASHVUTH HAYEHUDIM JEWISH COLONIAL TRUST LIMITED

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the above-named Company will be held at the offices of Bank Leumi le-Israel B.M., 24-32 Yehuda Halevy Street, Tel-Aviv, Israel on Wednesday the 2nd day of July, 1980 at 10.40 o'clock in the forenoon (or so soon thereafter as the Holders of the Scheme Shares (as defined in the Scheme of Arrangement hereinafter mentioned) convened for that date by the direction of the Court shall have been concluded or adjourned) when the following Resolution will be proposed as a SPECIAL RESOLUTION.

SPECIAL RESOLUTION

THAT for the purpose of giving effect to the Scheme of Arrangement ("the Scheme") between the Company and the holders of the Scheme Shares (as defined in the Scheme) a print of which Scheme has been produced to the Meeting and, for the purposes of identification, signed by the Chairman:

(i) the capital of the Company be reduced by cancelling and extinguishing the Scheme Shares;

(ii) forthwith upon the aforesaid reduction of capital taking effect:

(a) the share capital of the Company be increased to £2,000,000 by the creation of an additional 396,139 Ordinary Shares of 12½p each; and

(b) the Articles of Association of the Company be amended as follows:

(1) by deleting from Article 67 the word "twenty" and substituting therefor the word "two."

(2) by deleting from Article 71 the words "at least five members present in person and holding or representing by proxy or entitled to vote in respect of shares of the nominal amount of at least £5,000" and substituting therefor the words "not less than three members present in person or by proxy and entitled to vote."

(3) by deleting Article 99 and substituting therefor the following new Article:

"99. A Director shall not be required to hold any shares of the Company by way of qualification."

(4) by deleting paragraph (c) of Article 104.

Dated 23rd May, 1980.
Registered Office:
4-7 Woodstock Street,
London W1A 2AF.

Notes:

(i) A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and, upon a poll, vote instead of him. A proxy need not be a member of the Company.

(ii) To be valid forms of proxy, duly completed, must be lodged at the registered office of the Company at 4-7 Woodstock Street, London W1A 2AF, not less than one clear day before the time appointed for the said meeting.

Holders of share warrants to bearer will be admitted to the Meeting on presenting a Certificate that they have deposited their Warrants at the registered office of the Company or with Bank Leumi le-Israel B.M. at its offices at 24-32 Yehuda Halevy Street, Tel Aviv, Israel, or 562 Fifth Avenue, New York, N.Y. 10036, U.S.A. A duly completed Certificate of Deposit must accompany the Form of Proxy if the holder desires to vote by a proxy.

Certificates of Deposit (incorporating a form of proxy) may be obtained from the registered office of the Company or from the said Bank at either of its above-mentioned offices during usual business hours on any weekday (other than a Saturday or Public Holiday) prior to the day appointed for the meeting.

A.S.E.A.

U.S.$15,000,000 6% 15 YEAR EXTERNAL UNSECURED LOAN OF 1985

Hambros Bank Limited hereby give notice that in accordance with the Terms and Conditions of the above mentioned Loan, the redemption for 15th June 1980 has been effected by the purchase of U.S.$81,000 nominal bonds and the balance of U.S.$1,607,000 which is all the outstanding bonds, will be drawn at par.

The drawn bonds may be presented to Hambros Bank Limited, 41 Bishopsgate, London EC2P 2AA, or to the other Paying Agents named on the bonds. Coupons due 15th June 1980 should be detached and payment collected in the usual manner.

For payment in London bonds will be received on any business day and must be left three clear days for examination.

HAMBROS BANK LIMITED.
23rd May 1980.

EUROPEAN INVESTMENT BANK

7½ per cent. 1973/1988
FF 200,000,000 Loan

Notice is hereby given to bondholders of the above Loan that a seventh redemption of FF 7,000,000 was effected before May 15, 1980. Amount outstanding on May 15, 1980: FF 151,000,000.

Luxembourg
May 23, 1980

TRANSPARENT PAPER LIMITED

6.5% (EFFECTIVELY 4.55% NET) CUMULATIVE PREFERENCE SHARES

The dividend in respect of the above shares for the half-year ending 30th June, 1980 is payable on 1st July, 1980 to members on the Register at 3rd June, 1980.

By Order of the Board.
G. P. COOPER, Secretary.

Registered Office:
Bridge Hall Mills,
BURY, Lancashire.

BOND DRAWING

CHILEAN GOVERNMENT
5% ANNUITIES
SERIES "A"

NOTICE IS HEREBY GIVEN that in carrying out the operation of the Sinking Fund of 1st July 1980 in respect of the above Loan, Bonds for £1,520 Nominal have been purchased and the under-mentioned Bonds amounting to £4,840.00 were this day drawn by lot by IAN ROGER FRAME (of Messrs. De Pinna, Scorers & John Venn), Notary Public, for repayment at par on the 1st day of July 1980, from which date all interest thereon will cease:

2 Bonds for £500 each

299	420

21 Bonds for £100 each

641	755	818	839	914
1251	1476	1909	2101	2222
2538	2740	2846	3110	3221
3567	3989	4313	4451	4632
5022				

87 Bonds for £20 each

5135	5236	5272	5352	5416
5468	5530	5701	5852	6001
6202	6344	6417	6626	6927
6961	7159	7335	7415	7582
7751	7811	7953	8080	8785
8378	8536	8704	8945	9107
9414	9553	9685	9918	9946
10138	10474	10503	10731	11146
11309	11546	11771	11891	12960
13223	13310	13353	13486	13658
13892	13947	14093	14289	14341
14491	14720	14947	15094	15255
15443	15482	15658	15739	15978
16068	16201	16458	16658	16755
16979	17209	17447	17571	17840
17966	18211	18318	18498	18542
18877	19015	19275	19360	19520
19552	19692			

RECAPITULATION

2 Bonds for £500 each	£1,000
21 Bonds for £100 each	£2,100
87 Bonds for £20 each	£1,740
	£4,840

The above-mentioned Bonds with coupons due 1st January 1981 and subsequently attached may be lodged for repayment on or after 1st July 1980 at the office of J. Henry Schroder Wagg and Co. Limited, Coupon Department, 120 Cheapside, London, EC2, between the hours of ten and two o'clock, and at the offices of Banque de Paris et des Pays-Bas, Amsterdam, Brussels and Geneva; Swiss Credit Bank, Lausanne; Société Française de Banque et des Dépôts, Antwerp and Brussels; Société Générale de Banque, Antwerp; and Banque Nationale de Paris, Brussels.

LONDON,
the twenty-ninth day of April,
one thousand nine hundred and eighty.

CHILEAN GOVERNMENT
5% ANNUITIES
SERIES "B"

NOTICE IS HEREBY GIVEN that in carrying out the operation of the Sinking Fund of 1st July 1980 in respect of the above Loan, Bonds for £160 Nominal have been purchased and the under-mentioned Bonds amounting to £6,540 were this day drawn by lot by IAN ROGER FRAME (of Messrs. De Pinna, Scorers, & John Venn), Notary Public, for repayment at par on the 1st day of July 1980, from which date all interest thereon will cease:

4 Bonds for £500 each

20015	20152	20285	20349

32 Bonds for £100 each

20411	20512	20644	20782	20815
20932	21034	21157	21242	21540
21617	21759	21891	21912	22007
22225	22345	22560	22637	22817
22851	22927	23352	23584	23837
24012	24109	24270	24345	24415
24567	24706			

67 Bonds for £20 each

24787	24818	24881	24956	25096
25103	25208	25228	25234	25642
25711	25723	25843	25886	25943
26067	26066	26255	26398	26635
26864	27067	27278	27327	27637
27845	28051	28112	28278	28554
28661	28793	29079	29341	29593
29688	29955	30023	30134	30392
30408	30647	30722	30841	31000
31056	31315	31417	31523	31745
31827	31978	32096	32477	32563
32774	33418	33519	33935	34043
34421	34690	34852	34969	35338
35441	35953			

RECAPITULATION

4 Bonds for £500 each	£2,000
32 Bonds for £100 each	£3,200
67 Bonds for £20 each	£1,340
	£6,540

The above-mentioned Bonds with coupons due 1st January 1981 and subsequently attached may be lodged for repayment on or after 1st July 1980 at the office of J. Henry Schroder Wagg and Co. Limited, Coupon Department, 120 Cheapside, London, EC2, between the hours of ten and two o'clock, and at the offices of Banque de Paris et des Pays-Bas, Amsterdam, Brussels and Geneva; Swiss Credit Bank, Lausanne; Société Française de Banque et des Dépôts, Antwerp and Brussels; Société Générale de Banque, Antwerp; and Banque Nationale de Paris, Brussels.

LONDON,
the twenty-ninth day of April,
one thousand nine hundred and eighty.

CHILEAN GOVERNMENT
5% ANNUITIES
SERIES "C"

NOTICE IS HEREBY GIVEN that in carrying out the operation of the Sinking Fund of 1st July 1980 in respect of the above Loan, Bonds for £1,580 Nominal have been purchased and the under-mentioned Bonds amounting to £9,120 were this day drawn by lot by IAN ROGER FRAME (of Messrs. De Pinna, Scorers & John Venn) Notary Public, for repayment at par on the 1st day of July 1980 from which date all interest thereon will cease:

2 Bonds for £1,000 each

36410	36539

3 Bonds for £500 each

36918	37012	37058

47 Bonds for £100 each

37445	37515	37552	37651	37746
37854	37951	38187	38318	38349
38411	38521	38627	39120	39301
39385	39512	39563	39621	39711
39821	39917	40257	40433	40520
40774	40818	40912	41004	41235
41313	41503	41754	41866	41931
42046	42234	42305	42535	42637
42739	43311	43369	43430	43626
43829	44019			

46 Bonds for £20 each

44295	44316	44406	44533	44580
44591	44603	44716	44944	45210
45575	45628	45753	45849	45903
45921	46013	46231	46256	46377
46458	46519	46832	47007	47106
47123	47396	47420	47473	47484
47501	47682	47725	47755	47796
48237	48701	48762	49089	49519
49901	50754	50822	50989	51012
51110				

RECAPITULATION

2 Bonds for £1,000 each	£2,000
3 Bonds for £500 each	£1,500
47 Bonds for £100 each	£4,700
46 Bonds for £20 each	£920
	£9,120

The above-mentioned Bonds with coupons due 1st January 1981 and subsequently attached may be lodged for repayment on or after 1st July 1980 at the office of J. Henry Schroder Wagg & Co. Limited, Coupon Department, 120 Cheapside, London, EC2, between the hours of ten and two o'clock, and at the offices of Banque de Paris et des Pays-Bas, Amsterdam, Brussels and Geneva; Swiss Credit Bank, Lausanne; Société Française de Banque et des Dépôts, Antwerp and Brussels; Société Générale de Banque, Antwerp; and Banque Nationale de Paris, Brussels.

LONDON,
the twenty-ninth day of April,
one thousand nine hundred and eighty

TRAVEL

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LEGAL NOTICES

No. 00797 of 1980

In the HIGH COURT OF JUSTICE (ENGLAND) Chancery Division Mr. Registrar Bradburn. In the Matter of OTZAR HITYASHVUTH HAYEHUDIM, JEWISH COLONIAL TRUST LIMITED and In the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that by an Order dated the 12th day of May 1980 made in the above matters the Court has directed a Meeting of the holders of the Ordinary Shares of the above-named Company (hereinafter called "the Company") to be convened for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and its said Shareholders and that such Meeting will be held at the offices of Bank Leumi le-Israel B.M., at 24-32 Yehuda Halevy Street, Tel-Aviv, Israel, on Wednesday the 2nd day of July 1980 at 10.30 o'clock in the forenoon at which place and time all the aforesaid Shareholders are requested to attend.

Any person entitled to attend the said Meeting can obtain copies of the said Scheme of Arrangement and of the Statement required to be furnished pursuant to Section 207 of the above-mentioned Act and forms of proxy having (in the case of those for use by holders of Share Warrants to bearer) a form of Certificate endorsed thereon for completion in manner hereinafter mentioned from the registered office of the Company, 4-7 Woodstock Street, London W1A 2AF, or from Bank Leumi le-Israel, B.M. at its offices at 24-32 Yehuda Halevy Street, Tel-Aviv, Israel or 562 Fifth Avenue, New York, N.Y. 10036, U.S.A. or from the offices of the undermentioned Solicitors at the address mentioned below during usual business hours on any weekday (other than a Saturday or public holiday) prior to the day appointed for the said Meeting.

The said Shareholders (whether registered or holders of Share Warrants to bearer) may vote in person at the said Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead.

In the case of registered joint holders the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

A Certificate in the form endorsed on the Form of Proxy for use by holders of Share Warrants to bearer (signed by a duly authorised official of the Company or, as the case may be, of the said Bank) stating that the said Share Warrants have been deposited with the Company or, as the case may be, such Bank, and will be retained by it on behalf of the depositor until the close of the said Meeting or any adjournment thereof and stating the name and address of the holders of the said Share Warrants and the number of the Shares represented by the said Share Warrants so deposited, must be produced at the said Meeting by the holder of such Share Warrants if attending in person, or lodged with his Form of Proxy if he desires to vote by proxy.

It is requested that forms appointing proxies be lodged at the Registered Office of the Company situate at 4-7 Woodstock Street, London W1A 2AF, in all cases not less than one clear day before the said Meeting, but if forms are not so lodged they may be handed to the Chairman at the said meeting.

By the said Order the Court has appointed Ernest Israel Japhet or failing him Pinchas Evlon or failing him Joseph Pecker to act as Chairman of the said Meeting, and has directed the Chairman to report the result thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated 23rd May, 1980.
LINKLATERS & PAINES,
Barrington House,
59/67 Gresham Street,
London EC2V 7JA.
Solicitors for the Company.

IN THE MATTER OF CHAS. DAVY & COMPANY LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 10th day of June, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Patrick Granville White, of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 10th day of April 1980.
P. GRANVILLE WHITE, Liquidator.

IN THE MATTER OF AIDALLBERRY PAPER SALES LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 10th day of June, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Patrick Granville White, of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 10th day of April 1980.
P. GRANVILLE WHITE, Liquidator.

IN THE MATTER OF DAVY PRESS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 10th day of June, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Patrick Granville White, of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 10th day of April 1980.
P. GRANVILLE WHITE, Liquidator.

PERSONAL

POZNAN FAIR 1980—POLAND. Accommodation in first class hotels in Poznan still available from 7-17 June 1980. For complete package arrangements contact Mary Taylor, Hogg Robinson Travel, 01-404 5901. Telex 8952955. ABTA

APPOINTMENTS

New Board post at Shell International Petroleum

Mr. T. D. Ross is to join the Board of Shell International Petroleum Company from May 28. On that date he also becomes group public affairs co-ordinator.

★

Sir Leslie Murphy is to join the board of PETROLEUM ECONOMICS on June 1 and he will become chairman on October 1. Dr. Paul H. Frankel retires from the chairmanship at the end of September and he will become president and remain on the board. Sir Leslie recently resigned as chairman of the National Enterprise Board and is a non-executive director of Schroders.

★

Mr. Colin Wilks has been appointed new regional director and general manager of the Yorkshire and Humberside regional head office of LLOYDS BANK based at Leeds. He succeeds Mr. Philip Cockroft, who is retiring at the end of June. Mr. Wilks joined the Bank in 1957 and has been controller of the Lloyds Bank business advisory service since 1976. Mr. D. D. Dyckhoff has become a manager of Lloyds Bank group export finance division in place of Mr. J. P. Smith, who has retired. Mr. J. E. Jacob has been made medium-term finance and export finance manager; Mr. W. D. Welsh, an assistant manager of the group export finance division; and Mr. D. E. Wills, assistant manager, export finance.

★

Mr. William A. Palmer, a director of the Associated Biscuit Manufacturers, has been elected chairman of the CAKE AND BISCUIT ALLIANCE.

★

Mr. Andrew J. Walker has joined DOWTY MECO as executive director, technical.

★

Mr. C. D. Johnson has been appointed a director of the CHARENTE STEAM-SHIP COMPANY.

★

Mr. Donald V. Jensen Jr. has been elected a senior vice president in the international banking group of WELLS FARGO BANK and has been appointed head of the Europe/Africa/Middle East division headquarters in London. He succeeds Mr. Gerrit E. Venema, executive vice president, who resigned to accept a position at another bank.

★

Mr. David Gee has been appointed a non-executive director of INTERNATIONAL QUALITY CONTROL LABORATORIES.

★

The LINFORD BUILDING GROUP has made the following appointments in its major contracts division. Mr. Ray Hunt, deputy group managing director, becomes chief executive of Linford (Midland). He is succeeded as contracts director of that division by Mr. Brian Townsend, who joins the Board of Linford (Midland).

Mr. T. D. Ross

★

Mr. Paul Hyde has been appointed London manager of MERCHANT INVESTORS ASSURANCE COMPANY. He was previously with Hambro Life.

★

Mr. J. P. G. Weston has been elected president of the BRISTOL CHAMBER OF COMMERCE.

★

The Secretary for Industry has reappointed Mr. W. Richardson, Mr. J. Steele and Mr. J. Wright and appointed Mr. Harold Robson as part-time members of the Board of BRITISH SHIPBUILDERS.

★

Mr. D. J. Reid is to become president of the ASSOCIATION OF COST ENGINEERS at its annual meeting on June 20 in place of Mr. D. F. Parkinson. Mr. S. R. Kay and Mr. R. C. Letchford will become vice-presidents.

★

Mr. Paul A. Finkel has been appointed to the Board of TARGET LIFE ASSURANCE COMPANY. He is vice president and corporate actuary of the Reliance Group Incorporated of New York which, in partnership with Rothschild Investment Trust, recently acquired control of Target.

★

Mr. C. H. Tung, Mr. Morley L. Cho and Mr. C. C. Tung have joined the board of FURNESS WITHY AND CO. as non-executive directors. Mr. J. M. Clay and Professor Roland Smith, both non-executive directors, have resigned. Mr. Brian P. Shaw remains chairman and managing director and Sir Ralph Bateman continues as non-executive deputy chairman. The changes follow the recent successful take-over bid for Furness Withy by Orient Overseas Container (Holdings). Mr. C. H. Tung is chairman and managing director of OOC(H)L and Mr. Morley L. Cho and Mr. C. C. Tung are both directors of that company.

★

Mr. T. R. Hewett has been made group managing director of IAN McCALL (HOLDINGS). Ian McCall and Co. has appointed Mr. A. R. Foakes as group managing director.

★

Mr. Ted Walker, of Lewisham, has been appointed chairman of the INNER LONDON EDUCATION AUTHORITY in succession to Mr. David Chalkley. Sir Ashley Bramall continues as leader of the authority.

★

Mr. Peter Springall has been appointed director, operations, and Mr. Dennis Sesten has become director of finance and administration of P. P. PAYNE, a member of the Norcros Group.

★

Mr. P. G. White has been elected chairman of the council of the INSTITUTE OF CREDIT MANAGEMENT, succeeding Mr. Michael Connor. Mr. P. G. L. Mudge becomes vice-chairman.

★

Mr. Terry Kerrigan, director of finance for the ANGLIAN WATER AUTHORITY, is to retire in October.

LEGAL NOTICES

IN THE MATTER OF WEST WRATTING WAREHOUSES LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 30th day of June, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 13th day of May 1980.
BRIAN MILLS, Liquidator.

مكرامن الأصل

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The U.S. giant in danger of shrinking

Ian Hargreaves continues an occasional series with a look at the dilemma facing Bethlehem Steel

LEWIS FOY, chairman of Bethlehem Steel, chose his words careful ywhen he authorised for inclusion in the company's 1979 annual report the comment that withou ttwo big changes in operatin gconditions "further contraction in our basic steel business will probably be required."

The threat carried no time fuse, but coming from America's second and the world's third largest steel company, it did carry force — though Bethlehem's situation and strategy differs sharply from some of its troubled competitors.

Foy's concern is not merely a function of Bethlehem's size. The company now possesses the most modern integrated steelworks in the U.S., unlike its bigger brother U.S. Steel, Bethlehem swallowed its pride in 197 7and closed down ageing and inefficient facilities at a cost of $750m. U.S. Steel took a similar step, many feel belatedly, at the end of last year.

Bethlehem represents in some ways the heart of the American steel industry. It supplies just over 14 per cent of the market and unlike U.S. Steel and the industry's other majors, is relatively undiversified, drawing 90 per cent of its sales from steel. Since the 1977 write-off — the larges in U.S. corporate history at the time — it has also enjoyed a dramatic turnround in profitability and financial strength. Its working capital has increased from $517m to $808m in the past three years, while long-term debt has fallen in real terms. In short, if Bethlehem it about to be pared down, closures elsewhere in the industry are not far behind.

Today, Mr. Foy, a broad-shouldered and plain speaking 65 year old who is not afraid to thump the table to make a point, stands firmly behind his warning. But he adds that he is optimistic that the changes referred to in the annual report —a transformation of Government policy towards the industry and a stronger steel market in the early 1980s—will be met.

Just as there was an element of propaganda and a willingness to negotiate in the report's comments—Foy has a considerable reputation in both fields—so too, one suspects, there is in the current optimism.

It was Foy who, in his other role as chairman of the American Iron and Steel Institute (AISI), earlier this year launched "Steel at the Crossroads," a policy document which spelled out the industry's demands for an easier fiscal climate, les regulation and more regulation and more protection from unfairly priced imports.

These days Foy says he spends a quarter of his time in Washington, pushing this and other campaigns and he firmly believes that in spite of the administration's preoccupation with other things, Congress will within the next year take steps to stimulate the capital process for U.S. business among other things. shaking permitted depreciation periods for plant. This will be especially helpful to steel makers, who have been among the principal lobbyists for the change.

But given the obvious uncertainties about such an outcome, the question remains: is Bethelehem Steel, like the rest of the industry, at the crossroads? "All I can say about that is that Bethlehem Steel will be at the crossroads further down the line than some of the rest of the industry," Foy says.

Donald Trautlein (left), a career accountant selected to take over the chairmanship of Bethlehem Steel from Lewis Foy (right) in preference to strong contenders with steel backgrounds.

How much further down the line depends mainly at this stage, upon the steel market and the US economy. For the moment, in spite of sensing the first serious pitch downwards in his company's orderbook, as the trecession gathers strength, Foy is not inclined to panic.

Bethlehem was quick to announce some layoffs last month as the inevitable trimming process began, but Moy is sticking to his start of the year forecast of industry shipments of 90m to 93m tons this year, ocmpared with 100m tons last year, although he now inclines to the lower end of his range.

The recession does not worry him too much even though he is uncertain as to its depth and length. Bethlehem has been through sufficient troughs since he joined the company's purchasing department in 1936 for him to remain cool about that, although he acknowledges that if cash flow drops too rapidly and too far this year, the company will have to pull back on part of its $550m capital spending programme this year. In the longer term, like his colleagues at the AISI, he believes there will be a steel shortage in th U.S. in the mid-1980s which, so long as the steel companies are not restrained on pricing as they have been by the Government in the past, could produce a profits bonanza.

Changes

But the feast and famine cycle is precisely what Foy wants to avoid, which is why he so strongly believes that Washington should help create the conditions for expansion in the industry. Without such changes, the AISI forecasts an 18 per cent decline in American steel output in the next decade and a furt ier flood of imports.

Ironically, one of the problems faced by the industry in pressing home this case in Washington has been Bethlehem itself. Opponents of the industry's demands point to the health of Bethlehem as evidence that the AISI is overstating its anxieties.

Bethlehem's record can be used to back either position. Presented as a success story it can be said that last year the company had its second highest profits figure ever, with shipments of 13.4m tons the highest since 1974. Return on sales and equity were also at their best levels for four to five years and even on the question of much maligned pollution regulations, which steel-makers claim have gone too far, causing huge and unnecessary expense, Bethlehem's spending has declined sharply in the last three years, rather than mushrooming as the polemic had suggested.

The gloomier interpretation, which Foy prefers, is that other than in the steel boom of 1974-75, Bethlehem's return on equity has not matched the average for U.S. manufacturing industry. Last year, Bethlehem's return came out at 11.7 per cent against a 16 per cent average. As for environmental spending, Foy growls that his company was merely more far-sighted than some others in anticipating some of the changes required by law.

Unarguable is the fact that in real terms the company's spending on new equipment has stood still in the last four years at a time when in Europe, Japan and the developing world new and cost efficient plant has come on stream at a steady rate. This contrast, to Foy, is the heart of the matter.

Although Bethlehem boasts the newest integrated steelwerks in the country at Burns Harbour, Indiana, even that is now 15 years old. At some plants, including the one visible from the company's Le High Valley headquarters, steam engines still provide power for certain operations.

For the moment, however, any thought of building new steel making capacity is out of the question. But Bethlehem does want, desperately, to increase the efficiency of its existing works by, for example, increasing the proportion of its steel continuiusly cast. This process, which is used in the production of more than half the Japanese industry's steel, involves casting molten steel directly through a cooling and cutting process, eliminating the sumbersome and wasteful intermediate stage of casting ingots, which then have to be reheated to produce semi-finished steel. At present, just over 12 per cent of Bethlehem's steel is continuously cast—about average for the U.S. industry. The company also has som problems with ageing coke ovens and could do with larger and more efficient blastfurnaces.

Labour is another worry. Although the recently agreed three-year contract with the United Steelworkers Union won the praise of the Carter Administration for its moderation, it is nevertheless composed almost entirely of cost of living index increases, which would have an explosive effect on the industry's costs if the consumer price index continues in the high double digits.

An 11 per cent rate of price inflation, it is estimated, would increase wages by more than 40 per cent over the period. volume of steel as it did in 1970 with 32,000 fewer men and Moreover, this indexation is locked into the wages structure by the terms of a six-year old negotiating agreement whereby the union agrees not to call a national strike over pay in return. Not surprisingly Foy and other top executives are now pondering hard whether they can afford this agreement to continue into the 1983 wagt negotiations.

As for the crucial issue of productivity, Bethlehem can point to the fact that last year it shipped virtually the same Foy says he is confident that labour costs will continue to decline as a proportion of the company's total costs in the next few years.

But is Bethlehem's productivity good enough? Foy is clearly not satisfied, but he does believe that Bethlehem's most modern plants match Japanese output per man hour and that taken overall the U.S. industry can get its products to customers at a lower price than imported steel from any country, so long as import prices reflect their true costs of production.

In looking for a steel shortage in the U.S. in the next few years, Bethlehem is also assuming that its foreign competitors will be forced by a weak world economy to eliminate some production facilities and that steelmakers in the developing world will not expand sufficiently quickly to fill the gap. The forecast also implies continued demand.
steady growth of U.S. steel

These assumptions reflect, to a degree, the experience of an industry which has not been a significant exporter for two decades and which has relied upon a burgeoning domestic economy to keep it out of trouble. This attitude may prove justified, but it still sounds a shade complacent.

There is also a conservatism about a company like Bethlehem which underpins these attitudes. All employees at the company, Foy included, clock on and off each day, whether they work in the company's scattered plants or its black-and-white skyscraper headquarters. As the tallest building in the Moravian township of Bethlehem and indeed in the pretty Le High Valley, it symbolises the company's economic importance to the region and, to some degree, its isolation.

Foy insists that in an open industry like steel it is of no significance, but may none-the-less be noteworthy that Bethlehem's top management does not include anyone with experience of working outside the U.S.

Some people think that Foy has sown the seeds for that to change with his support fet the election to Bethlehem's chairmanship of Donald Trautlein, who takes over from Foy at the end of this month.

Trautlein, a 53-year-old Ohio-born career accountant, has been with Bethlehem only since 1977 and was selected in preference to strong contenders with a steel background.

Plays down

It is also felt in the industry that Trautlein's lack of such a background may make him more inclined to lead Bethlehem into diversifications beyond the shipbuilding and a small plastics operation which today constitute its main non-steel activities. Foy, however, plays this down, pointing out that Bethlehem has had a resident team of executives eyeing possible acquisitions and diversifications for 10 years. These studies however have not led to many acquisitions. "We still have so many things we want to do in the steel industry," he says.

Looking back at his years in the industry, Foy says his biggest disappointment has been the "harassment" and lack of understanding of steel in Washington—a mantle which the oil industry has now assumed. He recalls the "irresponsible" tag which President Kennedy applied to the steelmakers, plus 20 years of price controls in one form or another and President Truman's threat to set the Government up in competition against the private steel industry by building a steel plant in Connecticut. And he contrasts the deal steel has had from the politicians with the political treatment of American Telephone and Telegraph, which was protected from competition in order to allow it to build up a first-class basic service for the country.

Fair thought it is to point out the quality of Ma Bell's operations, the comparison jars somewhat at a time when Congress is busily dismantling some of the structures which protect that venerable old lady from the dsigns of IBM, ITT and others. Bethlehem, perhaps, would do better not to count on Washington to save it from shrinking.

Business courses

Financial Management for Non-Financial Managers, Scotland. June 23-July 4. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

Employment Law for Managers, London. July 7-8. Fee: £150 (plus VAT). Details from Eurotech Management Development Service, 13 Holder Road, Aldershot, Hampshire GU12 4RH.

The Small Business and Growth, Bradofrd. July 15-16. Fee: £120. Details from University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire BD9 4JU.

Marketing for Management Accountants, Cranfield, Bedford. July 14-18. Details from Cranfield School of Management, Cranfield, Bedford, MK43 0AL.

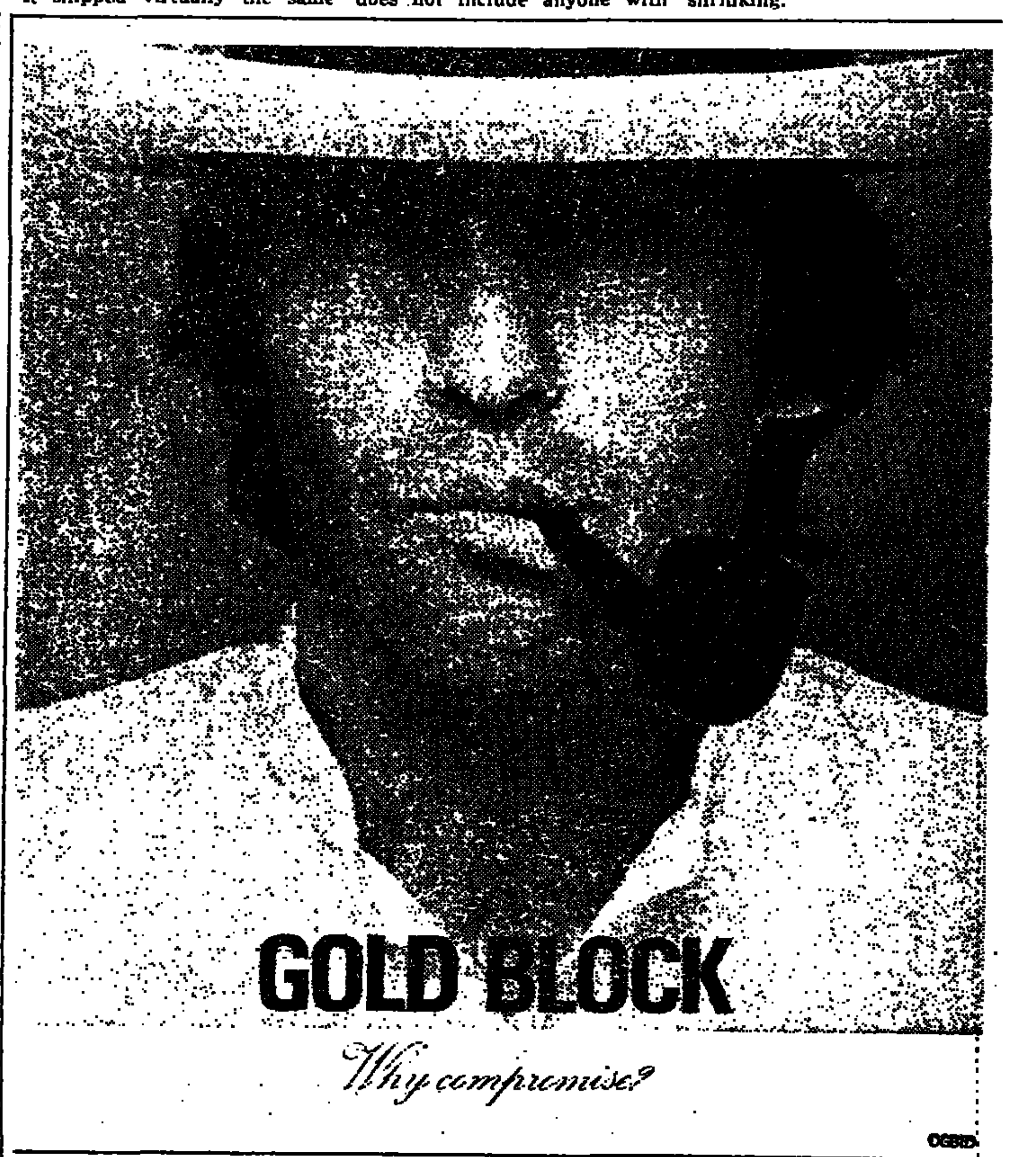
Making the Most of Human Resources—a workshop for men who manage women, Uxbridge, Middlesex. July 16-17. Fee: £125. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH.

Inflation Accounting, London. July 16. Details from The Registrar, Charterhouse Management Courses, 40 Charterhouse Square, London EC1M 6EA.

1980 Micro-Computer Show, London. July 22-23. Details from Online, Cleveland Road, Uxbridge UB8 2DD.

Biotechnology Briefing for Top Management, London. July 3. Details from European Study Conferences, Kirby House, 31 High Street East, Uppingham, Rutland LE15 9PY.

"Going Public"—The Alternatives, London. June 16. Fee: £115 (£100 for members of the Business graduates Association). Details from European Study Conferences, Kirby House, 31 High Street East, Uppingham, Rutland, Leicestershire LE15 9PY.



Facts of life in Africa

BY MARK WEBSTER

IT IS A FACT of life in Africa that a shopkeeper in one Francophone country will import his cooking oil from France even though it has originated from a nearby fellow African country. It is equally true that despite two decades of independence a businessman in Lagos cannot phone Kinshasa without routeing the call through Europe.

Africa's continued heavy dependence on Europe for its trade and communications was one of the most frequent complaints made by delegates to the Organisation of African Unity's first economic *summit* in Lagos. The other was the vulnerability of African economies while they depend on primary products whose price they could not control.

Urgent action

The summit called for the greater integration of African economies in order to boost the present 5 per cent of intra-African trade. It also urged faster industrialisation so that by the year 2000 the continent would account for 2 per cent of *world industrial output instead* of 0.6 per cent at present.

It was clear that all the 49 African countries attending the summit recognised the need for urgent action to improve their economies. They pointed out that Africa *includes* 20 of the world's 31 least developed countries, it has massive unemployment and underemployment, a growing deficit between what it produces and consumes, an average per capita *income* of only $166 and it accounts for only 2.7 per cent of world output.

Delegates *agreed that* such underdevelopment was not inevitable, given that Africa had vast manpower and natural resources including 95 per cent of the world's chrome, 85 per cent of platinum, 64 per cent *of manganese, 25 per cent* of uranium and 13 per cent of copper.

The final plan of action adopted by the summit as the basis for future co-operation warned that unless something was done to rectify the continent's financial position: "The overall poor performance of the African economy during the past 20 years may even be a golden age when compared with future growth rates."

With all the delegates wholeheartedly accepting that something had to be done, it might be expected that the summit would produce something *tangible as a result. What it* did produce was a weighty 140-page document explaining that there were lots of ways in which African countries could co-operate if they wanted to and a lofty commitment to form an African economic community by the year 2000.

Some delegates were saying even before the summit ended that they feared it would wind up with high ideals rather than *practical suggestions. The* official OAU line is that this is just the first step towards greater co-operation. Either way, at the summit meeting Africa failed to get to grips with the realities of its present *position. Speakers preferred* to blame their colonial heritage for their present difficulties and didn't mention those other evils of contemporary Africa—greed, corruption, economic mismanagement and ill-considered and *over-hasty development plans.*

In the audience during the discussions on an African common market were Kenya and Tanzania whose borders have been closed since 1977, yet the matter was never raised. *When the scheme of four sub*-regional blocs of north, central, east and west was advanced as the best means for working together none mentioned that in the northern bloc were deadly enemies such as Morocco and Algeria, *Libya and Tunisia.*

Open borders

Instead of voting for the moon, the summit should have concentrated on a few priority areas such as ensuring borders remain open, giving most favoured nation status to each *other and building a workable* network of roads, railways and waterways.

If each of the four sub-regional groups had committed itself to a single project a small but positive step would have been made towards increasing continental integration. The only concrete achievement of Lagos was the agreement to hold more economic summits.

The return of the Native

BY ERIC SHORT

AROUND BRITAIN
WHITSTABLE

THE TOWN of Whitstable in north-east Kent is noted for its famous "Native" oysters, though sadly this local industry has been in the doldrums in recent years. The town is also *celebrating the 150th* anniversary of the Canterbury-Whitstable railway.

This line operated the first passenger railway service in the world, being opened three months before the Liverpool-Manchester line.

Several other firsst are claimed by this line, including *the oldest railway bridge in the* world. And Whitstable harbour was the first port to have facilities on the quays so that goods could be unloaded direct from boat to railway truck.

Indeed, the harbour at Whitstable wat built by the railway company for just this purpose—representing another first, in integrating water and rail transport.

The railway was built to shorten the route, then by sea and river, from London to Canterbury—in 1830 an important commercial city. Instead of going along the Kent coast past Whitstable and up the River Stour, goods and passengers were landed at Whitstable and taken by rail to Canterbury. The six-mile rail journey, taking 45 minutes, represented a considerable saving in overall time and distance.

In 1830, Whitstable was a small fishing town with no *harbour as such. Goods were* unloaded at two jetties, taken a few hundred yards by cart and loaded on the train.

Such a system was inefficient, even if the boats could unload at any time. But this part of the coast is exposed to the north-east winds, making operations difficult if not impossible. *The two jetties were eventually* washed away in severe storms in the 1890s.

So a harbour was built at the mouth of the Gorrell stream offering protection from the winds. The railway was extended on to the quays and went into operation in 1832.

Alas, the Canterbury-Whitstable *line is no more.* It ceased carrying passengers in 1931 and was closed altogether in 1952.

The harbour might well have suffered the same fate. It was too dependent on tides and too small, apparently, for post-World War II needs. Its owners, the British Transport Commission, saw no future in *the harbour and simply* neglected it. Eventually the harbour was rescued in 1958 by *the Whitstable Urban District* Council which was unwilling for it to become just another relic of the Industrial Revolution and felt that there was still a role for a small coastal harbour taking ships up to 1,000 tonnes.

It took a long time to push up trade but within a year or two the port was handling 43,000 *tonnes a year and by 1974* it had reached a peak of 241,000 tonnes. Since then, trade has been variable though it is expected to exceed 200,000 tonnes this year.

New users are continually being sought, but the main support still comes from those long established in the port. More than half the cargo handled comes from the activities of Brett Asphalt—one of the divisions of the Robert Brett Group, a family-controlled company in Canterbury. This company has used the harbour since 1932 to bring in raw materials for the construction industry. Limestone comes from Plymouth, granite from Cornwall and ballast from across the Thames Estuary in Essex and Suffolk.

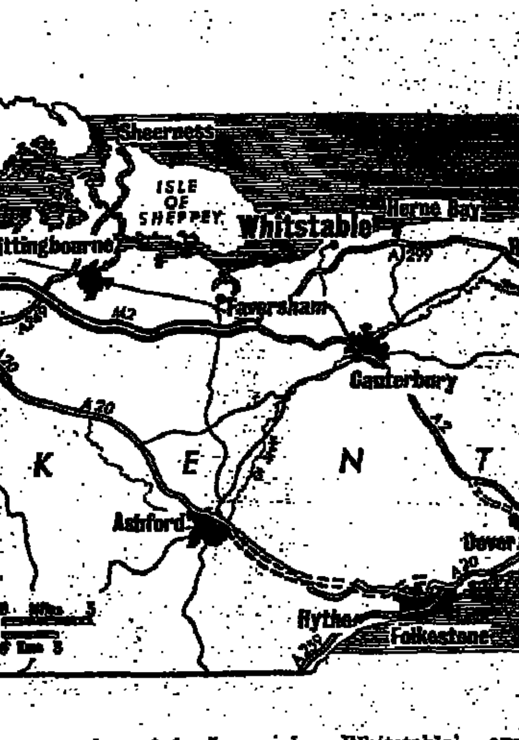
Almost all the roads in East Kent are laid by Brett Asphalt, the road surfacing being produced at the coating plant conveniently sited at the harbour.

The harbour which once had an atmosphere laden with coal dust—its original purpose was to bring in coal—is now laden with dust from a variety of stones brought at 500-900 tonnes a time by a steady traffic of ships. But the material is moved from the harbour by lorry. Brett's having used lorries from the outset even when there were railway facilities.

The trade is not all inwards. The company ships out durite, quarried locally.

The other mainstay is fishing. Whitstable has always had a steady inshore fishing industry. Indeed the decline in deep-sea fishing, which has severely affected major ports, has boosted inshore work. Boats from Whitstable now fish further up and down the Kent coast. The number of fishing boats using the harbour has had to be limited to 20 because of space, but several other boats unload their catches at *the harbour* and moor farther up the River Swale.

The boats are privately owned as they have always been, and catches are sold to the wholesalers. Two firms—



Ross, a member of the Imperial Group, and Quayfish, a private company—have recently established warehouses on the harbour.

The search for trade has produced a variety of cargoes. Timber is imported from Finland and a recent development is the import and export of steel products. The highly successful private steel company, Sheerness Steel, uses it as an ancillary to Sheerness port.

Whitstable's oyster industry *also still operates from the harbour* end one of the two oyster companies in the town—the Seasalter and Ham Oyster company—has its breeding tanks situated there. The main activity these days is exporting oyster *seeds to France* and other Continental countries. This year, however, the company proposes to restock its oyster beds off Whitstable. The Native will once again flourish.

Pentaquod the Willows Stakes

RACING

BY DOMINIC WIGAN

PENTAQUOD, ONE of three colts well-backed for tomorrow's Cecil Frail Handicap at Haydock, seems a likely absentee from the big race *line-up* because Henry Cecil saddles him for today's Willows Stakes on the Lancashire course.

Although the progressive American-bred colt has a formidable 9st 10lb to shoulder, success seems probable now that Rapid Class and Hardinvast are out. Pentaquod was an unlucky second at Newbury, on Greenham Afternoon. There, Joe Mercer failed to notice John Reid on Sunfield until it was too late. Pentaquod was again given a poor ride by Mercer, the champion jockey, in Newmarket's Hastings Stakes on 1,000 Guineas day.

Again, Mercer failed to note *the rapid progress of his* pursuer. This time, however Pentaquod passed the post with a head in hand of April Bouquet.

It was a smart performance by the Warren Place colt. Sure to be well-suited by this stiff mile, on a slightly easier surface than his home track, Pentaquod can complete the double by giving 13lbs to Vouchessa.

A second possible winner for Mercer—a 7-2 chance to retain his championship—is the twice-raced Trampler in the second division of the Newton Maiden Stakes.

This Jeremy Hindley-trained colt, by Bustino out of Chieftain Girl, showed early speed in a Newbury race won by Water Mill last summer. Again, it caught the eye when running on strongly from the Bushes behind Shining Finish in Newmarket's *Culford Stakes earlier* this month.

Trampler is preferred to Lady Beaverbrook's disappointing Northfields colt Toondra, on whom he is likely to have a distinct advantage in fitness. In *the earlier division of that event* it could pay backers to take a chance with Dumplino despite the obvious claims of Bluebury challenger Amorak.

HAYDOCK
2.00—Caribbean Breeze
2.30—Rag Time Band
3.00—Pentaquod**
3.30—Avenged
4.00—Dumplino*
4.30—Daikoku
5.00—Trampler***

TV Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.00 Golf: The Sun Alliance PGA Championship. 12.45 pm *News. 1.00 Pebble Mill* at One. 1.45 Camberwick Green. 2.02 For Schools, Colleges. 2.30 Golf (further coverage). 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Baggy Pants and the Nitwits. 4.40 The Red Hand Gang. 5.10 In the Limelight with Lesley. 5.35 The Wombles.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 It's a Knockout.
7.50 Citizen Smith.
8.20 The Sun Trap.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 Rosie (London and South *East only*).
10.45 Regional, National News.
10.50 Match of the Day: Wales v Northern Ireland (highlights.
11.35 The Late Film: "Counterpoint," starring Charlton Heston.

All Regions as BBC-1 except as *follows:*—

Cymru / Wales — 1.45-2.00 pm Bys a Bawd. 4.40 Crystal Tipps and Alistair. 4.45-5.10 Babol Bach. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.20-7.50 Plant y Paith. 10.15 Week in week out. 10.45-*10.50 Regional, National News.*

Scotland — 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm *Northern Ireland News.* 5.55-6.20 Scene around Six. 10.15 The Jazz Club with Billy White Quartet. 10.45-10.50 Regional, National News. 1.25 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West *(Bristol); South Today* (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Weekend; Midlands (Birmingham) Straight Talk; North (Leeds) Wonderful Amy; North East (Newcastle) Green-*head Rock; North West* (Manchester) Home Ground; South (Southampton) The Pembrokes of Wilton; South West (Plymouth) According to Hoyle: West (Bristol) Movie Magic.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.00 pm Show Jumping from Hickstead.
3.55 Golf: The Sun Alliance PGA Championship.
4.50 Open University.
6.55 The Colliers' Crusade.
7.25 Mid-Evening News.
7.35 Gardeners' World.
8.00 Robbie.
8.30 Vikings!
9.00 Sing Country.
9.40 Playhouse.
10.35 Dance Month Preview.
10.45 Newsnight.
†11.30 The Outer Limits.

LONDON

9.30 am Schools Programmes. 11.55 Beany and Cecil Cartoon. 12.00 Songbook. 12.10 pm Once *Upon a Time. 12.30 Moneywise.* 1.00 News, plus FT Index. 1.20 Thames News. 1.30 For Maddie with Love. 2.00 After Noon Plus. 2.45 Friday Matinee: "A Prize Of Gold." 4.15 Worzel Gummidge. 4.45 *Magpie.* 5.15 *Emmerdale* Farm.

5.45 News.
6.00 Thames News.
6.30 Looks Familiar.
7.00 Winner Takes All.
7.30 The Cannon and Ball *Show.*
8.00 Hawaii Five-O.
9.00 The Gentle Touch.
10.00 News.
10.30 Soap.
11.00 The London Programme: The Isle of Grain Power Station.
11.45 Luke's Kingdom.
12.45 am Close: Personal Choice with Isabel Dean.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 Losing Her. 5.15 A Sharp Intake of Breath. 6.00 About Anglia. 8.00 The Incredible Hulk. 10.30 7 Days. *11.00 Friday Late Film:* "The Lonely Profession." 12.40 am Christians in Action.

ATV

1.20 pm ATV Newsdesk. 2.45 "Rose of Washington Square," starring Tyrone Power, Alice Faye and Al Jolson. 5.15 Happy Days. 6.00 ATV Newsdesk. *10.30 WKRP in Cincinnati. 11.00* ATV Newsweek. 11.05 The Friday Film Fantastic: "Tarantula."

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 Quiz Kids. 5.15 Fangface. 6.00 Lookaround Friday. 6.30 You're Only Young Twice. 8.00 The Incredible Hulk. *10.30 Leading Lady.* 11.00 Friday Night Movie. 12.35 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 The Friday Matinee: "The Girl Who Came Gift Wrapped. 5.15 Emmerdale *Farm. 6.00 Report at Six. 6.35 Ladies* First. 8.00 Vegas. 10.28 Channel Late News. 10.35 One Man's Music. 10.55 TV Movie Premiere: "Perilous Voyage." 12.35 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. †2.45 Friday Matinee: "The Captain's Table," starring John Gregson, Peggy Cummins and Donald Sinden. 6.00 North Tonight and Area Weather Forecast. 6.30 A Sharp Intake of Breath. 8.00 B.J. and the Bear. 10.30 Reflections. 10.35 "Girl on a Motorcycle," starring Alain Delon and Marianne Faithfull. 12.15 am North Headlines and Road Report.

GRANADA

11.50 am The Bubblies. 1.20 pm Granada Reports. 2.00 Live From Two. 2.45 Friday Matinee: "The Oracle." 5.15 Granada Reports. 6.30 This Is Your Right. 6.35 Crossroads. 11.00 Public Office. 11.30 House of Horrors: "Murders in the Rue Morgue."

HTV

1.20 pm Report West Headlines. †2.45 *The Friday Matinee: "Bank Holiday."* 5.15 Selwyn. 6.00 Report West. 6.30 Emmerdale Farm. 8.00 *A Man Called Sloane.* 10.35 Report Extra. 11.05 The Friday Film: "Dracula Has Risen From The Grave."

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.48-11.08 am Cymru a'r mor. 11.55-12.10 pm Mistar Clai. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Antur A Champ. 5.15-5.45 Noah's Castle. 6.00 Y Dydd. *6.15-6.30 Report Wales.* 10.35-11.05 High and Wild.

SCOTTISH

1.20 pm News and Road and Weather. 2.45 Friday Matinee: "Nicky's World. 5.15 Mork and Mindy. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.00 Streets of San Francisco. 10.30 The *Name of the Game. 11.30 Late Call.* 11.35 S.W.A.T.

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 Losing Her. 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Out of Town. 8.00 Streets of San Francisco. 10.35 Opinions Unlimited. 11.05 Soap. 11.35 The Late, Late Premier: "Olympian Holiday."

TYNE TEES

9.20 am The Good Word, followed by North East News. 1.20 pm North East News and Lookaround. †2.45 Friday Matinee: "Non Stop New York," starring John Loder and Ynyn Bari. 4.15 The Danedyke Mystery. 5.15 Happy Days. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 8.00 The Incredible Hulk. 10.30 North East News. 10.32 Friday Live: "The Right To Work." 12.00 WKRP in Cincinnati. 12.30 am Epilogue.

ULSTER

1.20 *pm* Lunchtime. †2.45 Friday Matinee: "The Oracle," starring Robert Beatty. 4.13 Ulster News Headlines. 5.15 Mork and Mindy. 6.00 Good Evening Ulster. 8.00 Vegas. 10.29 Ulster Weather. 10.30 Sportscast. 11.00 Witness. 11.05 Friday Film: "The Spy Killer." 12.25 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.45 The Friday Matinee: "The Girl Who Came Gift Wrapped." 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 8.00 Vegas. 10.32 Westward Late News. 10.35 Sportsline. 10.55 TV Movie Premiere: "Perilous Voyage." 12.35 am Faith for Life. 12.40 West Country Weather and Shipping Forecast.

YORKSHIRE

11.55 am The Bubblies. 1.20 pm Calendar News. †2.45 Friday Film *Matinee: "Nothing Barred." 5.15 Take* My Wife. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Summer Sport. 8.00 The Incredible Hulk. 11.00 The Friday Night Film: "My Lover, My Son."

RADIO 1

(s) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Dave Lee *Travis. 9.00 Simon Bates.* 11.31 *Paul* Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (s). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray *Moore (s). 7.32 Terry Wogan (s). 10.03* Jimmy Young (s). 12.03 pm David Hamilton (s). 2.03 Ed Stewart's Request Show (s). 4.03 Much More Music (s). *5.00 News.* 5.05 Waggoners Walk. 5.20 Much More Music (s). 6.03 John Dunn (s). 8.02 Sequence Time (s). 8.45 Friday Night is Music Night (s). 9.55 Sports Desk. 10.02 Marks in his Diary. 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (s).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (s). 8.00 News. 8.05 Morning Concert (s). 9.00 News. 9.05 This Week's Composer: Tomkins (s). 9.35 Hamish Milne piano recital (s). 10.35 ... Duo (s). 3.30 A Revolution in Polish Music (s). 4.20 Janet Baker, song recital (s). 4.55 News. 5.00 Mainly for Pleasure (s) († and mono only from 6.20). 6.55 Play It Again. 7.00 The *Propaganda of the Dead (story by Roger* Howard). 7.15 "A Village Romeo and Juliet," opera by Delius. Scenes 1-4 (s). 8.30 A. E. Housman (talk from the BBC Sound Archives). 8.50 "A Village Romeo and Juliet," Scenes 5 and 6 (s). 9.45 The English Ayre (s). 10.05 Music in our Time (s). 11.00 News. 11.05-11.15 Closedown. Music by Alkan (s).

VHF ONLY—Open University—6.00-7.00 am and 6.20-7.00 pm and for Scottish students only: 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 8.59 Continental Travel. 9.00 News. 9.05 *Desert Island Discs. 9.45 Down the* Garden Path. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Dunkirk 1940. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (s). 12.55 ... 4.40 Preview. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week *(s). 8.10 Profile. 8.30 Any Questions?* 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (s). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Miles Kington with the BBC Sound Archives. 12.00 News.

BBC Radio London

5.00 As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

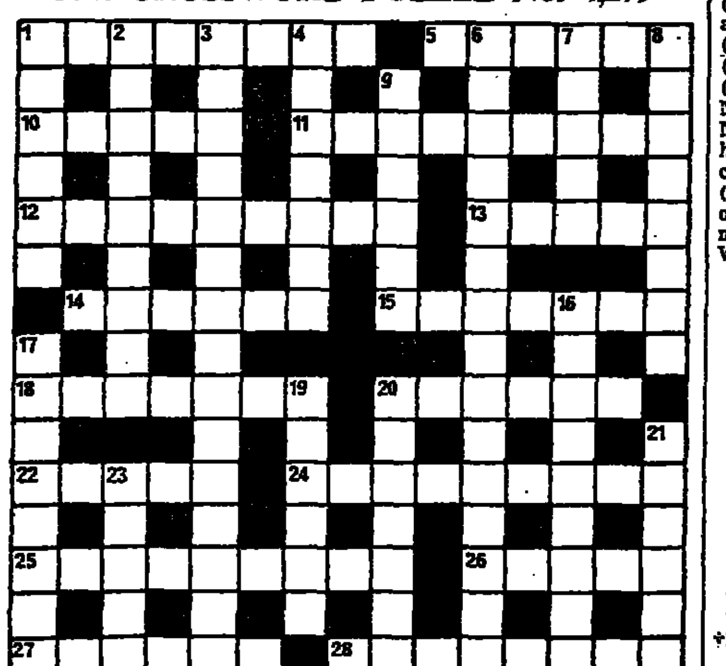
London Broadcasting

6.00 AM with Bob Holness and Doe Fahy. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 Graham Dene's Breakfast Show (s). 9.00 Michael Aspel (s). 12.00 Dave Cash (s). 1.00 pm London Today First Report (s). 1.10 Dave Cash (continued). ...

F.T. CROSSWORD PUZZLE No. 4,279



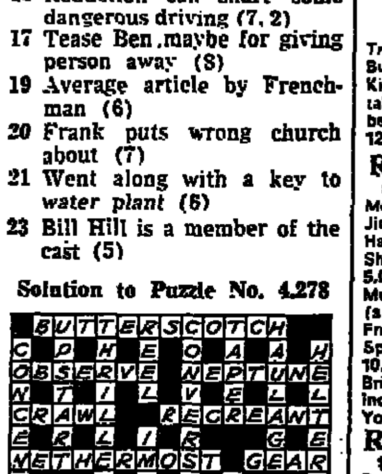
ACROSS

1 Footballer unable to accept any more support (4, 4)
5 A chief inspector turns crime squad sour (6)
10 Third-class road round handy *weapon* (5)
11 Assume job about-turn gets passed on (9)
12 One Pole played for time when put in (9)
13 River comes right inside camp (5)
14 Villain put embargo on it they say (6)
15 Odd way to scare an anti-*crusader* (7)
18 Leader of British soldiers joins a family burglary (5, 2)
20 In a rash state (6)
22 Point to vote on statute by demand (5)
24 Plaster portrayal (9)
25 Excite little bird one will have consumed (9)
26 Flyer two below standard of course (5)
27 Way out African beheaded (6)
28 Unfortunately it's ended by being cut out (8)

DOWN

1 Note comprehensive collapse (4, 2)
2 Comes down to cloak painting (9)
3 Drink taken with game in idle enjoyment (4, 3, 8)
4 Policeman takes one chance with colleague in flight (7)
6 Action by shop assistant in opposition (15)
7 Daughter leaves collector to to old sailor (5)
8 Fraud by church over consumption (8)
9 A team's words in confidence (6)
16 Reduction can snare some dangerous driving (7, 2)
17 Tease Ben, maybe for giving person away (8)
19 Average article by Frenchman (6)
20 Frank puts wrong church about (7)
21 Went along with a key to *water plant* (6)
23 Bill Hill is a member of the cast (5)

Solution to Puzzle No. 4,278



ENTERTAINMENT GUIDE

OPERA & BALLET

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CINEMAS

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Cinema

A force to be reckoned with

The Empire Strikes Back (U) Odeon, Leicester Square
The Final Countdown (A) Leicester Square Theatre
City on Fire (AA) Swiss Scene, Odeon, Westbourne Grove
The Phenix City Story Scala

At $175m, *Star Wars* stands firmly at the top of the cinema's all-time money-earners, $40m ahead of its nearest rival, *Jaws*. Now launched after it into the welkin is *Star Wars Two*, alias *The Empire Strikes Back*. Will box-office lightning strike twice?

With my hand on my heart and my eye on my crystal ball, I venture a tremulous Yes. George Lucas's original was the quintessential late 1970s film, coming out at a moment when trends collided and a waning nostalgia cult met a waxing Space-mania. It flirted with Futurism but also dug deep into our childhood memories of comic-strip space adventure.

The Empire Strikes Back is directed by Irvin Kershner from a Lucas story and billed in the credits as "Episode 5" of the Star Wars saga. (The whole is planned to run to nine movies, the first having been part 4.) Mark Hamill, Harrison Ford and Carrie Fisher are once more the star-tilting trinity bounding around in Space saving everyone from Imperial thuggery, and Darth Vader is once more the hulk-in-the-iron-mask with an ancestral voice prophesying war.

Kershner has swept into the Star Wars saga as to the mannerisms born, pushing the story along with old-fashioned "wipes" and whooping up the fantasy with a zest that to my mind surpasses Lucas. If the appeal of *Star Wars I* was that it stretched both backwards and forwards — into Boy's Own nostalgia and Space speculation — the sequel pulls the elastic still further.

The opening 40-odd minutes, set on a snowbound planet where Luke Skywalker and the heroic rebels have fled to regroup themselves, reaches back as if into some Icelandic saga and culminates in a grandly delirious battle scene. It's Alexander Nevsky-goes-futuristic as giant tanks sent by the Empire strut across the ice like long-legged tortoises, and the rebel spacecrafts whiz around them trying to blast them apart or (literally) to tie them up in knots.

No sooner has the film stormed our senses with this overture than we are off on a two-pronged journey into myth, part of us roaring off with Han Solo and Princess Leia through an asteroid belt to doubtful refuge in a sinister, Manhattan-style planet run by Billy Dee Williams, the other part accompanying Luke Skywalker to an enchanted bog planet where a 900-year-old gnome will teach him how to become a great warrior.

Kershner and his designers have laid out a visual feast for us in this second sequence: a trailing, tenebrous, squashy, snake-infested swamp, out of Arthur Rackham by Caspar David Friedrich, in which R2D2 gets swallowed up and then spat out by a lake-monster and in which Luke's mentor is a crinkle-faced, crotchety dwarf, brilliantly animated and vocalised by none other than Frank Oz of The Muppets.

On the other planet—let truth be told—the film loses its way a trifle. The arrival of Darth Vader, the capture of Han Solo and Princess Leia and the last-minute advent—U.S. Cavalry-style—of Luke Skywalker build to a cumbrous final showdown in which hairs-breadth 'scapes and life-or-death interrogatives are hurled about like overweight rabbits from a hat. Will Han Solo escape from the deep-freeze and find true happiness with Princess Leia? Will Luke Skywalker get his hand back? Will Darth Vader reveal his true identity? Will. . .

With sequel-movies the battle is always on between giving the customers a second helping of what they lapped up last time and giving them something new. The climactic parts of *Empire* hit one over the head too often with *deja vu*. There the characters go, hotfooting it through the same endless-looking plastic corridors, unsheathing laser swords and *bon mots*, while hairy Chewbacca grunts at the rear and C3PO tacks about like a demented yacht gibbering unheeded advice.

But at least the first half is grand. And at least the *Star Wars* saga as a whole—unlike some of its Sci-Fi rivals—is giving us hardware, art-work and special effects worthy of the names.

Roll on, Part Three; or should I say Episode Six?

NIGEL ANDREWS

*

The Leicester Square Theatre is plainly in the grip of a strange obsession. Having played host to Steven Spielberg's war comedy *1941*, they now present Kirk Douglas in *The Final Countdown*, in which a 1979 aircraft carrier calmly minding its own business near Hawaii passes through a colossal storm and emerges on December 6, 1941, just before the Pearl Harbour attack. Realisation of the change dawns gradually. Jack Benny and FDR are speaking on th entertainment band of the ship's radio; two veteran fighter planes with Japanese markings swoop down on a yacht containing a long-dead senator (Charles Durning), a dog who looks exactly like Lassie, and Katharine Ross in a Forties hair-style. Corroboration from a World War II specialist conveniently among Kirk Douglas' crew clinches the matter.

Now good movies and fantasy stories have often been made from premises just as outrageous, yet this lavish production by Douglas' own Bryna Company regrettably mishandles its material from beginning to end. Certainly the traditional time-travelling problems are touched upon. Martin Sheen's civilian efficiency expert, for instance, is all for using the carrier's superior weaponry to change the course of history ("It opens up some amazing possibilities!") But Douglas (still in fine physical shape, dimple and all) is typically of the old school: "Let's take it one step at a time—by the book!" But the steps are taken far too slowly and heavily. And director Don Taylor spends a distressing amount of time observing the American planes effortlessly landing, taking off and chasing the Japanese; the film finally becomes more of an advertisement for the nation's air power than anything else.

That said, the film at least remains a passable time waster, which is certainly not the case with *City on Fire*, a Canadian-American co-production of sufficient torpidity to dampen anyone's fires. As the title duly indicates, this is a disaster movie, straggling from the silly Seventies, when skyscrapers, ocean liners, jumbo jets and large quantities of Hollywood veterans succumbed to all the natural and unnatural calamities scriptwriters could concoct. But the boom is over now, and *City on Fire* is so boring that you cannot even have much fun laughing at it.

Veterans on display here include Ava Gardner and Henry Fonda; the disaster is caused by a disgruntled worker at a vast oil refinery, running amok after receiving his cards. Director Alvin Rakoff summons up a spattering of the usual disaster images: debris falling on heads, crowds running along pavements. But most time is spent at the city's newly completed hospital, whose patients are evacuated in an exercise made to rival Dunkirk in length and danger. Among those helping valiantly are the inferno's instigator and the city's corrupt mayor (Leslie Nielsen), who atones for his own sins by spending three-quarters of the film stomping with an injured leg and half of the film holding a water hose. The city in question is diplomatically unnamed.

After such dismal entertainment, what pleasure it is to turn to *The Phenix City Story*, made in 1955 by Phil Karlson, one of America's veteran roughneck directors, and now revived for a week with *Mean Streets* in a double bill at the Scala cinema. The Scala can now celebrate one year of unique programming at their Tottenham Street premises, once the home of The Other Cinema, those stout champions of the non-commercial. But under new management Hollywood's mainstream has returned with a vengeance: the respectable classics in the Scala's itinerary are regularly sprinkled with items of such dubious pedigree (*Attack of the Fifty Foot Woman* and such like) that even film buffs may feel guilty about watching them. But no-one need have pangs about this current attraction.

The Phenix City Story is a stark portrayal of an Alabama city long in the grip of a crime syndicate who bully and, if required, kill all opposition. The films prologue presents the storys factual basis, with various city residents talking to a news reporter. What follows is a powerful hybrid—a B-picture thriller with the tang of an investigative documentary, directed with a tautness Phil Karlson rarely commanded outside the Fifties. Acts of violence are sparingly used for maximum impact—a black child's body thrown on a lawn with a threatening note attached, sticks of dynamite placed outside a household gathered round the TV. And Edward Andrews, in his first film part, provides a memorably icy villain. At the end, first steps towards breaking up his syndicate have been taken, but the film exudes such a sense of national unease that one knows the story is far from over.

GEOFF BROWN

Luke Skywalker (Mark Hamill) Rides a tauntaun in 'The Empire Strikes Back'

Riverside Studios

Julius Caesar

by B. A. YOUNG

Peter Gill's production is done virtually without scenery or costumes. I am almost tempted to say that it is done without acting, for its supreme merit is the ability of the company to extract the meaning and emotion from the lines by speaking them as they fall naturally; but this would be liable to misunderstanding, and in fact the performance, played in grey sweaters and breeches on a plain stage of polished wood, with no makeup and no consciously poetic delivery, is one of the most exciting I have seen.

I knew it was going to be exciting from the start, with the splendid handling of the crowd as the consuls try to send them home. This crowd is always a bunch of individual citizens, yet at the same time they make a choreographic pattern, drilled into shapes that are at once natural and theatrical; and their backchat with Flavius and Marullus might have come from Trafalgar Square. In the later parts of the play, where armies rather than mobs are involved, the choreography is more formal; the soldiers even keep step and stand at ease when given the suitable word. The battles are more formal still, short, savage ballet-like encounters that say all that could be said by a head-on collision of opposing battalions.

Leonard Burt

John Price and Robert Flemyng

I said the lines were spoken "naturally," and it is notable how exactly their truth emerges when the accents are laid precisely where Shakespeare laid them (except once, when John Price, a young, romantic Mark Antony, says "Lend me your *ears*" instead of "Lend *me* your ears"). The two speeches over Caesar's body, beautifully contrasted in manner, are pure politics, yet the poetry is fully respected, there are no original emphases for effect or Macready pauses for extra emphasis when the emphasis is already written into the lines.

John Shrapnel's sturdy, thoughtful Brutus and Michael Byrne's Cassius, younger and more volatile, make their quarrel almost naturalistic. They begin it in front of their respective commands, then hold their fire until they are hidden from them in the tent, when the accusations and defences spring out like flames; and it is fascinating to see it die away, not at once, but slowly. Brutus is by no means reconciled when he says: "Be angry when you will, it shall have scope"; he is making the best of a bad job. Only after the intrusion by the poet (to whom Cassius is quite friendly) do they really make up.

Caesar is the exception to the rule of under-playing the poetry. Robert Flemyng plays him in almost Gielgudesque tones, and this serves to set him above the rest. He is a man who already feels himself apart from ordinary humanity, who indeed makes himself a God, and the music in the voice suggests the innate superiority that he accords himself.

The playing throughout the company is admirable: I wish I could give all their names. I must content myself with David Horovitch, a gruff Casca; Anthony Head, who begins as Artemidorus but blossoms into a cold, efficient Octavius; and of course the two wives, Gillian Barge as a mature, sensible Portia and Lindsay Duncan as the apprehensive Calphurnia.

The design is the work of Alison Chitty, and she has produced some remarkable effects—the hard white spot on Caesar as the knives go in, for instance, with the jet of red smoke that spurts from the sky to mark the blasphemous act.

National Poetry Competition 1980

The Poetry Society has announced the National Poetry Competition for 1980 in association with BBC Radio 3. Since being launched in 1978 the Society's competition has become recognised as the major one in Britain.

This year there are 21 prizes—a first prize of £1,000, a second prize of £500, a third prize of £250, three prizes of £100, five prizes of £50 and ten prizes of £25.

Malvern Festival Theatre

Lord Arthur Savile's Crime

by MICHAEL COVENEY

When the Malvern Festival started, it was devoted exclusively to Shaw. But Sir Barry Jackson used to recount how the audiences were "fagged" after a week of him, and was quick to offer undemanding relief. This broken-backed adaptation (1963) by Constance Cox of Oscar Wilde's story is presumably, therefore, the sort of thing Malvern audiences have always lapped up.

The hills were bathed in sunshine after Tuesday night's *Heartbreak House*, and the unambitious triviality of *Lord Arthur Savile's Crime* caught the mood exactly. As Shaw himself once wrote of an adaptation of Dickens: "It is very prettily done, and just the sort of piece old people like."

It is misleading of the Festival to suggest this play is by Wilde.

Miss Cox invests Sybil's mother with a touch of Lady Bracknell, there is a character called Lady Windermere, and somebody makes a joke about Lord Goring from *An Ideal Husband*. But the show is really no more than a third-rate, extremely coarse-grained farce, and Clifford Williams' production of it—while handsomely designed (by John Gunter)—is appropriately tasteless.

In the story, Lord Arthur is an effete aristocrat whose impending marriage to Sybil Merton is threatened by the revelation of a cheiromantist that he is about to commit murder. Hastening to fulfil the prophecy before the wedding, Lord Arthur's clinical attempts to dispose of an old aunt and of the Dean of Paddington are nonchalantly set in exquisitely self-conscious prose.

The hero is characterised by his aesthetic cool and amoral poise. Miss Cox makes Lord Arthur (John Quentin) an irritating silly ass and gives him a butler, Baines, whose superficial resemblance to Jeeves is misleading as, for the purposes of comic dialogue, he is bright one minute and dense the next, and not very good at practical suggestions.

The Malvern Company troop on to have a high old time—Anthony Quayle as a forgetful Dean, Margaret Rawlings as an imperious great aunt, Ken Wynne as the ridiculous anarchist Winkelkopf—throwing caution to the wind and style out the window. To say that Patrick Cargill goes over the top as Baines would be a crime of understatement. His features pucker in disdain at the thought of crossing the room, let alone passing the sherry, an exercise he performs with a precision as arched as his eyebrows.

This outrageous study in Olympian smarminess achieves some sort of crude apogee when Mr. Cargill surveys the suggestive posterior of a pert housemaid (Judi Goldman), as she dusts the furniture and decides, in a frenzy of quizzical disgust, to stick, for the moment at least, with Lord Arthur.

Perhaps he would have preferred a glimpse of Lady Windermere's fan. A Wilde duck, I'm afraid.

Irvine, California

La forza del destino

by WILLIAM WEAVER

Musicological conferences usually have an abstract quality; they take place outside the world of performance and seldom influence it. But the American Institute for Verdi Studies has, from its foundation, set out to bridge the gap between scholarship and execution, between theory and practice. Three years ago, at Centre College in Danville, Kentucky, the Institute arranged for a performance of Verdi's rarely heard first version of *Macbeth*, while Verdi experts from various countries assembled to read papers focusing on that opera. This year the Sixth International Verdi Congress, held here at the University of California, Irvine, went even farther and achieved even more exciting results.

The Sixth Congress was largely concentrated on *La forza del destino*; and for the occasion the University's School of Fine Arts prepared a remarkable production of the first version of the opera, as given in St. Petersburg in 1862 and, shortly thereafter, in Madrid, again under the composer's supervision. The sets for this California revival were based on Carlo Ferrario's designs for the Scala in 1869, which Verdi admired. The lighting of the production was specially devised to create a 19th century effect (no tiresome follow-spots). Professor William Holmes, of Irvine, was responsible for a performing score, scrupulously derived from manuscript sources. For two months, from the very start of rehearsals, Verdi expert Andrew Porter was in residence, to advise, assist, encourage (and furnish a singing English translation), and for the last weeks he was joined by fellow-expert Julian Budden.

The fruit of this collaboration, guided by the Dean of the School of Fine Arts, the producer Clayton Garrison, was an exceptional, moving *Forza*, a performance of compelling intensity and conviction. Not a perfect performance, to be sure. There were weak elements in the partly-student orchestra, but the conductor Richard Bradshaw nevertheless led a notable performance, never slack for a moment, yet never dogged or relentless. There was welcome humour in the crowd scenes (the Rataplan, for once, was exhilarating, not embarrassing); within the limitations of the players, orchestral details were also made perceptible, though not to the detriment of the musical texture.

Carol Vaness, who sings regularly at the New York City Opera, in the small Irvine hall, was a gripping Leonora. The voice sounded effortless, nuanced, impassioned; the phrasing was sensitive, alert to the clearly-enunciated words. She also moved with grace. As Preziosilla, Cynthia Clarey was a delight: young, pretty, full of fun, and musically accurate and debonair. The part of Alvaro, as Verdi originally conceived it for Enrico Tamberlik, is murderous (Verdi altered it immediately after the first production of the opera); Henry Howell did not shirk the obstacles, but he did not always overcome them unscathed. Still he offered some sensitive singing and some thrilling high notes: a creditable interpretation. The acting of Jake Gardner, as Don Carlos, was totally effective: Leonora's outraged brother became a rounded character, sympathetic even in his overwhelming thirst for revenge. The voice, too, is handsome, and Gardner used it well, except for occasional difficulty with pitch. Derek Hammond-Stroud turned Meliton into a comic turn, and won laughter and applause. Boris Carmeli was a woolly-voiced Father Guardian.

The smaller roles were sung by students, for the most part well; and the student chorus, vigorous and enthusiastic, was a highly positive element. The dances, arranged by Eugene Loring, mixed students of the dance with other students and chorus members, so the Seguidilla an dthe Tarantella did not seem so detached from the body of the opera as they usually do. Dean Garrison's production skilfully exploited the youthful high spirits of the student participants, giving the whole work a splendid vitality and pulse.

The Verdi Congress was also unusually interesting (and, happily, more concentrated than some of the previous meetings in this series). There were papers on Verdi's libretto source, *Le Fuerza del sino* by the Duke of Rivas, on Verdi's revisions, on the St. Petersburg context of the premiere, and there was a fascinating round-table and public discussion led by the people responsible for the Irvine production: Garrison, Bradshaw, Holmes, Porter. The Proceedings of the Congress will be published eventually (but not rapidly; the *Macbeth* Congress volume is not yet at the printers); when it is available, it will be a fine addition to the ever-expanding shelf of Verdi scholarship.

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Holding the Afghan line

THE WEST has now had almost five months to work out its response to the Soviet invasion of Afghanistan. The military occupation of the country by Soviet troops was from the start taken as a *fait accompli*. For Washington, and, with varying degrees of enthusiasm, its European allies, the aim was to hold the line there by a show of strength. Moscow was meant to be given such a lesson that it would think twice before launching a similar operation elsewhere in the world.

In the most general sense, this strategy has had some successes. Moscow has been roundly condemned not just by the West but by Third World countries. The hubbub has not yet abated. The Third World has taken the point that the Soviet Union is an expansionist power. The Soviet army, for the moment at least, shows no signs of marching to new conquests beyond the Afghan frontiers.

But few of the more specific components of the West's response have worked as the Americans intended. The aim was, in a first stage, to penalise the Russians economically and politically. Economically, there were to be U.S. sanctions, such as the grain and technology embargoes, backed by the Western allies. Politically, the world was to show its disapproval by a comprehensive boycott of the Moscow Olympics. Beyond that, Western strategy was to keep Third World opinion on the boil and pump economic and military resources into the countries of the region that were considered next in line for take-over or subversion.

Third World

The punitive measures have not been 100 per cent effective. Washington's allies are still arguing about the extent to which economic sanctions should be applied to the Soviet Union, and the American grain embargo looks like hurting the U.S. as much as it does its adversary. West Germany and a number of other countries have heeded the call for an Olympic boycott, and enough athletes will stay away from Moscow to prevent the Games becoming the international showcase the Russians originally intended. But the boycott has not achieved the response hoped for.

The reaction from the Third World now also shows signs of faltering. The Islamic conference that ended in Islamabad yesterday has nominated a delegation to make contact with, if not officially recognise, the Soviet-backed regime in Kabul. In many ways that was to be expected.

The Islamic countries, and particularly those closest to Afghanistan like Iran, Pakistan and the Gulf States, have to cope with realities. The fact of the matter is that the Soviet Union is extremely close to them, the U.S. far away. In addition, close ties with the West, as Iran has shown, can nowadays be an unwanted encumbrance. If the West is unable effectively to protect its power i nthe Middle East, it can not blame local rulers for seeking their salvation by other means.

Palestinians

That does not mean that the West should try to re-establish military predominance in the Gulf area. In attempting to do so, it could easily provoke greater disruption and further expose its own weakness. American strategy, so far, is right in one respect, and wrong in another. President Carter is right to show the flag in the Indian Ocean, even if he could not win a land war in the face of a concerted Soviet attack on the Gulf. It reminds Moscow that there is more at stake than a few hundred square miles of desert, albeit rich in oil. Where the Americans are wrong, as the Islamic conference has indicated, is in failing to pay adequate attention to the other problems of the area. As the Soviet Union digs in in Afghanistan, the Islamic countries' attention is bound to swing back to the intractable issues of Middle East politics that revolve around Israel, Egypt and the Palestinians. It may be difficult to pursue it in an American election year, but the Middle East cannot be stabilised without a settlement of the Palestinian question.

Test case for the unions

THE LONG SAGA at the Isle of Grain power station, which has become a classic case of bad labour relations on large construction sites, seems to be drawing to some sort of climax. On Tuesday the General and Municipal Workers Union is planning to hold a mass demonstration at the site in protest at the decision by the Central Electricity Generating Board to use non-GMWU craftsmen to carry out lagging work. It is the laggers—or, to give them their grander title, thermal insulation engineers—who are at the heart of the dispute at the Isle of Grain.

Disruption

Traditionally lagging work has been reserved in England to the GMWU, but the section of the union which represents the laggers has used its bargaining power to extract pay and bonus arrangements which are far more generous than those enjoyed by other groups. This anomaly has been a fertile source of inter-union conflict which in turn has contributed to the well-known delays and disruption on major construction projects.

Mr. Glyn England, chairman of the CEGB, said last week that the Isle of Grain was a test of the credibility of the construction industry, of its ability to build power stations to a reasonable timetable and at reasonable cost. What is significant about this particular project is the determination of the client, the CEGB, to prevent the leap-frogging and cost escalation which has become endemic on large sites.

The lagging work at the Isle of Grain was originally entrusted, as is customary, to member companies of the Thermal Insulation Contractors Association (TICA), which has its own national agreement with the GMWU. But the agreement at the Isle of Grain, which included an open-ended bonus scheme, produced a scale of payments for the laggers which threatened to have a disastrous knock-on effect on the cost of the entire project. Thus the CEGB asked the TICA contractors to re-negotiate their agreement. They were unwilling or unable to do so. Then the mechanical plant contractors, responsible for the boiler and the turbine-generators, were invited to take on the lagging work, using GMWU members, but they were unable to come to terms with the union.

Finally—and it is this which has infuriated the GMWU—the CEGB decided to seek volunteers among non-GMWU craftsmen to do the lagging work; they would be employed by the mechanical plant contractors. The fact that craftsmen from other unions agreed to do this work, in the face of attempts at intimidation from GMWU members, is a measure of the unpopularity of the laggers among the rest of the unions concerned with the Isle of Grain project.

Some 20 craftsmen have now been trained and are doing lagging work; others are in the course of training. For the GMWU this has transformed the issue from an argument about pay to one about loss of jobs. Tuesday's demonstration will attempt to stop work at the Isle of Grain; there is also talk of bringing out on strike all GMWU members doing lagging work at CEGB sites.

There are several fundamental questions raised by this affair. The first concerns the ability of a small group within a large union to blackmail employers into bonus arrangements in which the payments made bear no relation to output or productivity. The second is whether the leadership of a large union can exercise any control over what goes on at branch level. The third is whether the TUC has any effective role to play in inter-union disputes, especially when the real power, and the real source of the problem, resides in the branch. The TUC has attempted to intervene, but its proposals have fallen a long way short of anything that would be acceptable to the CEGB.

Leadership qualities

Although the problem of the laggers cannot be blamed wholly on the trade union concerned—it is the employers, after all, who have agreed to their privileged pay arrangement—a solution to it can only be achieved if trade union leaders are prepared to show some qualities of leadership. Does Mr. David Basnett, general secretary of the GMWU and a leading figure in the TUC, feel obliged to support a group of his members in unreasonable demands which are damaging fellow trade unionists and the country?

Curbing a recalcitrant group of members is a good deal more unpleasant and more dangerous than making speeches about the economy. But there is no doubt which is the more important part of a trade union leader's job.

How the Fed has upset the world's banks

BY MICHAEL LAFFERTY

THE FEDERAL RESERVE has run into a storm about its proposed new reporting rules for foreign banks operating in the United States. Its proposals, released last November, have drawn severe criticism from banks and central banks alike.

At the same time the proposals have led to a wealth of information being unearthed about accounting around the world. Submissions to the Fed, obtained under the U.S. Freedom of Information Act, reveal substantial limitations in the quality of bank accounts in several leading countries. They also raise serious questions about the underlying strength of banking supervision in a number of cases, and cast doubts on the effectiveness of international co-operation in this field.

The Fed's proposals have drawn opposition in varying degrees from the Bank of England, the Deutsche Bundesbank, Swiss National Bank, the Bank of Japan, Nederlandsche Bank, Banque Nationale de Belgique, the French Bank Control Commission, the Bank of Italy, and Sveriges Riksbank of Sweden.

They have also prompted banking associations in places like Switzerland, the Netherlands and Germany to detail, possibly for the first time in public, how major banks in these countries prepare their accounts. In some cases banks also reveal the limited nature of the information which they are prepared to make available to their own central banks.

The Fed's proposals are contained in a draft revision of reporting Form FR Y-7. As a

Banks reveal the limited information they give to their own central banks

result of the U.S. International Banking Act of 1978 the proposals would apply to foreign bank holding companies and all other foreign banks with U.S. banking operations conducted through branches, agencies and commercial lending companies.

The proposed new report is divided into two parts: Section I would be made available to the public on request, unless the reporting organisation had convinced the Fed it was necessary to keep the information confidential. Essentially it calls for consolidated accounts for each bank group, separate financial statements for related companies, and certain other data including extensive details of directors and officers. It thus calls for a complete picture of the parent banking group abroad, not just of its American operations.

Section II of the Y-7 report would, the Fed said, "ordinarily be granted confidential treatment" by the board. The information called for includes a group organisation chart, a detailed analysis of earnings, a statement of loan loss experience, details of gains and losses on securities, and—most

The heavy guns in opposition to the Fed's proposals are the Swiss National Bank, the Bank of England and the Bundesbank. The men in charge are Mr. Fritz Leutwiler (left), Mr. Gordon Richardson and Herr Karl Otto Poehl (right).

daring of all—particulars of secret reserves.

The main line of objection from both banks and central banks is that in making these proposals the Fed is seeking to extend its writ beyond the U.S., in breach of the "Concordat" reached in 1975 by central bank governors of the Group of Ten Countries and Switzerland. Mr. Peter Cooke, the man in charge of supervision at the Bank of England, in his letter to the Fed, writes: "These proposals appear to us to carry with them an implication that the U.S. authorities consider it necessary to extend their regulatory jurisdiction into the affairs of non-American banks. We would find this a troublesome principle, and one which if generalised could materially damage effective international co-operation."

Several other central banks make the same point. The Swedish central bank claims that the U.S. is seeking to establish "a new principle" in international bank supervision, while the Bank of Italy says the U.S. authorities have "laid claim to a role that should be played, instead, by the supervisory authorities of the parent bank." The thrust of recent efforts to improve banking supervision has stressed control via the parent bank rather than control via banking centres.

However, it might reasonably be argued that unless central banks in all these other countries are obtaining information of the same quality as that proposed by the Fed, they are not fully equipped to supervise their own banks and thus provide international supervision via the parent.

The submission by the Swiss Bankers' Association is fascinating for its comments on bank accounting. Only in the past two years, it emerges, has the Swiss central bank been obtaining consolidated balance sheets from its banks. But it is still denied access to consolidated income statements. "It makes little sense for Swiss banks to consolidate profit and loss accounts . . . Lumping together . . . results conceals more than it reveals," the submission says.

The Swiss Bankers' Association argues that "a regulator can have no legitimate interest in determining the degree of understatement" of bank's capital "if the stated capital is sufficient."

But it is not just in Switzerland that regulators are denied useful information. The Commercial Bank of Australia reveals that the Australian Federal Treasurer agreed last year that details of loan loss provisions and movements therein "would continue to remain undisclosed."

Bank Hapoalim from Israel, commenting on proposals for disclosure of loan losses and

The main objection is that the Fed is seeking to extend its writ

securities gains and losses says: "the bank does not provide the information . . . to any person outside the bank."

It appears that many banks, in Europe particularly, do not even have consolidated accounts for management purposes let alone for their central banks. National Bank of Greece, the largest commercial bank in the country, tells the Fed that its participations in other companies are treated as investments in its own balance sheet.

"Such a consolidation would be extremely arduous, expensive and ultimately fruitless. The major difficulty that would be encountered . . . would be the fact that NBG's subsidiaries consist of extremely diverse non-banking organisations and banking organisations located in different countries."

Even in Japan, the Bank of Japan reports that the number of banks actually submitting consolidated financial statements to it is "fairly limited."

The Banking Federation of the European Community implies that many of its members do not either compile or furnish their supervisory authorities with fairly basic information: "Disclosure of loan loss experience, all reserves and similar information, and provision of this on a regular basis, will greatly increase banks' reporting burdens."

One of the very few submissions to the Fed which argues in favour of high reporting standards for foreign banks operating in the U.S. comes from First National Boston Corporation: "We strongly support the proposed reporting requirements . . . We concur that disclosure of financial information of any foreign banking entity should be sufficient to allow an adequate assessment of the organisation's consolidated operations, general financial conditions and ability to serve as a continuing source of strength to its U.S. banking unit."

Closely related to the many objections that the Fed is seeking to extend its writ abroad, is the issue of confidentiality. It seems probable that many banks would be prepared to give much of the information the Fed wants, if they could be assured that it would not become public in some way.

The Swiss National Bank makes the point that the proposals "lack sufficient guarantees for the reported facts not to be passed on to other agencies or perhaps even made available to the general public." The Bank of England tells the Fed that a great deal of the information which it seeks is not presently made available to shareholders or the public in the UK. "While it is clearly reasonable that activities in the United States should be fully disclosed to the U.S. authorities, it is much less clear that confidential and sensitive information relating to non-U.S. activities should be made available — and thus potentially disclosable to the public at a later stage."

The Association of French Banks claims that serious legal and business problems would arise if information given to the Fed was not treated "in absolute confidence." No justification, it said, should ever be required for exemption from disclosure under the Freedom of Information Act.

The Banking Federation of the European Community submits that a guarantee should be given by the Fed that disclosure of information given to it will only occur "to the extent permissible under the laws, regulations and supervisory policies of a home country."

Several banks claim that disclosure of certain information about their affairs, such as secret reserves, would be illegal. One such is Multibanco Comermex of Mexico.

The Association of German Banks says that German banks are given the right to create inner reserves, which they do not have to disclose except under conditions of absolute confidentiality. "Such a right is an essential element of sound banking in Germany . . . Disclosure of such information would be completely inconsistent with the purpose of the German legislature in establishing this fundamental principle of sound banking in Germany."

One of the strongest statements on this point comes from Swiss National Bank: "The passing on of such information to a foreign authority, even if it were used for purposes of bank supervision only, would contravene Swiss law and would plunge the bank into serious judicial embarrassment."

There are a few submissions on FR Y-7 which support a freer flow of information. National Westminster Bank raises only minor objections to the proposals. Mr. Dennis Child, general manager of the bank's financial control division, says he welcomes the opportunity to assist the Board in developing a "meaningful system of reporting."

Barclays had quite a few objections, but makes the suggestion that banks should have to file their published consolidated accounts with the Fed and supply supplementary information to meet the Fed's proposals. This additional information would be confidential as far as possible under the Freedom of Information Act.

In view of all the opposition its proposals have provoked, it is now highly unlikely that the Federal Reserve Board will implement the foreign bank rules in anything like their present form.

The Fed might consider grasping a straw recently thrown out by the International Accounting Standards Com-

Many banks do not have consolidated accounts for management purposes

mittee. Its discussion paper on bank accounts provides a framework within which some internationally agreed standard for bank accounts might emerge. It seems a pity that bank supervisory agencies in the Group of Ten and Switzerland have distanced themselves from this initiative, having encouraged it initially.

Yet the Fed's thwarted proposals will have already performed a service. First they champion the cause of shareholders, depositors and other users of reports and accounts prepared by banks. They reinforce the impression that the present value of bank accounts in giving a full and fair view of major banking groups is strictly limited, except in the case of the U.S. and one or two other countries.

Second they suggest that even bank regulators, who are supposed to be working towards a safer international banking system by developing supervision via bank head-offices, do not in many cases have access to the information they need to do this job.

MEN AND MATTERS

Moving into the driver's seat

One minute Philip Shelbourne, 55-year-old chairman of Samuel Montagu, was earnestly advising Energy Secretary David Howell on how to "privatise" BNOC—a proper role for a senior merchant banker, and conducted with the customary self-effacive-ness. The next minute he was pitched into the limelight as BNOC's chairman.

The abrupt invitation-cum-command has left Samuel Montagu all at sixes and sevens. The main board of Midland Bank, Montagu's parent, did not even know of it until after this month's board meeting; indeed, Shelbourne still has only conditional approval to leave pending the next meeting on June 6.

His successor will almost certainly be picked from among the five high-flying deputy chairmen of Montagu, but there is no heir apparent, nor even an obvious heir presumptive.

Shelbourne's seven-year contract with Montagu does not expire till December, but he tells me the contract is a formality. "Until the BNOC invitation I had no intention of leaving. No one else had asked me," he says modestly.

Shelbourne's contract was drawn up in 1974 when Midland bought him, along with the Drayton Corporation, for £20m. The half-serious City view was that Midland valued Drayton at £12m, and Shelbourne at £8m. Could this lie behind Midland chairman Malcolm Wilcox's rueful admission that "the nation's gain is our loss"?

Shelbourne's departure certainly means a shake-up in Montagu's senior management, but his arrival at BNOC may also create management waves.

Managing director, with special responsibility for finance, is Alastair Morton, himself an ex-Drayton man. The two are not famous for seeing eye to eye over long term financial policy.

Instant print

You saw it on TV. Now read the book, or rather books. The siege at the Iranian embassy ended two and a half weeks ago. Today a paperback named *Siege* written by the Sunday Times Insight team and published by Hamlyns hits the streets.

The Sunday Times men are pleased not just by the speed of its appearance but because they have beaten a team from their rivals at The Observer. Its book, also named *Siege*, and published by Macmillan, romps home several lengths behind next Tuesday. The rapid appearance of the first book is all the more remarkable because Hamlyn is a subsidiary of the International Publishing Corporation (IPC), which has officially suspended its editorial workers and is ostensibly not publishing anything. The suspension, now in its fourth week, follows a one-day strike of IPC's magazine and book publishing journalists over a 28 per cent pay claim.

Colin Wilson, the journalists' union representative at Hamlyns, says that half a dozen of his members were offered "large sums" to get the book out. A form of words was worked out and the team set to work. Wilson says they did this to show that even though they have been sacked, they—like their fellows in the magazine and business press divisions—are working normally. Hamlyns comments carefully that the editors "worked in a freelance capacity" and are not employed by Hamlyns at the moment.

To cap it all, the printers of the book, William Collins in Glasgow, nearly had a strike on Wednesday over the introduction of new technology.

A film of the publishing of the book of the TV transmission of the siege sounds like the logical next step.

"Presenting Len Murray on how to get away from it all"

Bagging Tiger

Logical as they now seem to every wine bar pundit, the takeover talks going on between Charterhouse and Keyser Ullmann have been one of the City's very best kept secrets. Keeping that secret, it turns out, involved a form of deception culled straight from Boy's Own.

"I have," says David Roberts, a director of Charterhouse's merchant banking wing, "been negotiating with a number of senior men from Tiger Oil." Blessed with an office with a separate entrance, Roberts, who looks after Charterhouse's extensive oil interests, invented Tiger Oil to cover the comings and goings of the senior men from Keyser Ullmann.

"You can't conduct an exercise like this with a lot of people knowing about it," says Roberts gleefully. "Those American oil companies have such funny names. Nobody, not even in this building, suspected a thing."

One thing which seems to have tickled him is the idea of Keyser Ullmann chairman Derek Wilde pretending to be an oilman. With his patrician style and distaste for any outfit more garish than a pinstripe suit and white shirt, Wilde made a supremely improbable oilman: "But he liked the idea very much."

The Tiger cover story is perhaps not entirely accidental —it looks very much on the cards that Charterhouse will be floating a new British oil company before the year is out.

Quieter note

The same day that Shelbourne takes up the chairmanship of BNOC a new figure will also walk through the doors of British Rail. I hope the doormen will have been properly briefed to expect Philip Sellers, their new director of finance: the appointment columns have barely touched on the announcement.

At present finance director for the North Thames Gas Board, Sellers is not even to get a seat on the main BR Board. At that level Derek Fowler will continue to be responsible for finance as well as planning, although the new appointment is intended to free him from day to day financial burdens.

BNOC and BR are under identical pressure from government at present: to sell off chunks of their equity or operations to the public, and to find external sources for their investment programmes. BNOC's response has been to headhunt a senior merchant banker. BR's has been to beef up the existing board from below.

Analysts of comparative management practice may start taking notes on July 1.

Not to worry

Overheard at a bus-stop in Bermondsey: "Hoow did you boy get on at his big football match last Saturday, Win'ie?"

"He broke a leg."

"Oh, I am sorry."

"Oh, it wasn't one of his."

Observer

POLITICS TODAY

Lord Carrington comes a cropper

MRS. THATCHER'S Government has so far been more obviously successful in foreign policy than in the economy. The Foreign Office team has taken the plaudits while the Treasury team has gone grinding on, occasionally aware that it was being sniped at by the patricians across the road.

This week the process went into reverse. Treasury Ministers emerged more or less unscathed by the depressing set of economic indicators, while Lord Carrington came a cropper—not without a certain amount of perverse pleasure among Conservative MPs.

It is too early to say whether the Foreign Secretary's failure to deliver retroactive economic sanctions against Iran will do any great damage either to his reputation or to the Government's foreign policy, though the short-term effects can hardly be helpful. As Herr Graf Lambsdorff, the German Economics Minister, has pointed out, Britain was among the countries most ready to support the American call for sanctions and also to demand a boycott of the Olympic Games. Action on the first is going off at half-cock, while British athletes are still going to the Games, though the Germans are not. That is not the best position to be in when you are seeking German help on the contribution to the Community budget. Nor, incidentally, can it endear us to the Americans.

The real lesson for the Government, however is what happens when you appear to take Parliament for granted. Lord Carrington's error was his assumption that he could go off to the meeting of the European Foreign Ministers in Naples last weekend and that the House of Commons would accept whatever he agreed to.

There were, of course, misunderstandings both by the Government and the backbenchers. It is perfectly true that Mr. Douglas Hurd, Minister of State at the Foreign Office, did suggest during the second reading of the Iran (Temporary Powers) Bill last week that the proposed sanctions might be retroactive. No decision on the matter had then been taken, he said. "No decision would be taken unless it were clear that our main competitors were doing the same. If any such proposal were made, it would have to be submitted to this House for approval."

But Mr. Hurd did not exactly press the point. Nor did he go out of his way to make it clear that if there were to be retroactive sanctions, a debate would

It is impossible to say who, if anyone, has a grip on the House

take place only after their imposition. The House, for its part, seems not to have taken too much notice.

Equally, the Government took very little note of the fact that the House approved the idea of sanctions of any kind only with the greatest reluctance. Conservatives do not like economic sanctions in principle. There was also a strong case for arguing, as many MPs did, that sanctions against Iran would have little chance of achieving the desired objective of bringing about the release of the American hostages.

It was when Lord Carrington returned from Naples and Sir Ian Gilmour, the Deputy Foreign Secretary, informed the House of Commons that the sanctions would indeed be retroactive that the revolt began. There were several reasons for the general discontent. One was resentment of a Foreign Secretary in the Lords and of a deputy who appears to treat the House of Commons too casually. Another was the fear of lost export orders. But by far the most important were the feeling that the House had been misled and the dislike of retroactive legislation, especially if the House could not debate it first.

The Government backed down within a matter of hours because it was informed through the Whips' office that there was no majority for the proposed action. The Conservative Whips reported that the dissatisfaction ran across the entire spectrum of the Tory Party. Perhaps the Government could have forced the measure through on a three-line whip, but the point is that it chose not to try. In a potential clash between the Foreign Secretary and the House of Commons, the Foreign Secretary was repudiated.

Several conclusions have been drawn. Mr. Tam Dalyell, the Labour MP who along with Mr. Enoch Powell was largely responsible for persuading the Speaker to rule in favour of an emergency debate, said the next day: "The salutary feature about yesterday's episode is that it means that a Minister—however senior and prestigious—before entering into an agreement with our EEC partners, with the Americans or with anyone else, must seriously ask himself 'Can I be sure that the House of Commons will wear such a policy?'"

Mr. Peter Shore, the Shadow Foreign Secretary, said: "If Ministers think that in their

Hugh Routledge

The Treasury team on the platform at the Tory women's conference (left to right): Lord Cockfield and Mr. Peter Rees, Ministers of State; Mr. Nigel Lawson, Financial Secretary; Mr. John Biffen, Chief Secretary; Sir Geoffrey Howe, the Chancellor.

dealings with other countries they are free agents who can safely yield to the pressures of other nations and just assume the consent of the House of Commons, they are profoundly mistaken. The important thing for the EEC to understand is that in Britain the House of Commons is supreme."

Mr. Dalyell, Mr. Powell and Mr. Shore are all among the most vigorous proponents of Parliamentary sovereignty. It was Mr. Dalyell who played such a role in opposing and amending the devolution legislation during the last Government. Mr. Powell and Mr. Shore are also strongly opposed to British membership of the European Community. It is natural that they should take delight in seeing the Government defeated on a European question that hinges on the powers of the House of Commons. It would also not be surprising to see them becoming yet more assertive in this area in future.

The House of Commons, for example, could now make it exceedingly difficult for the Government to accept a compromise agreement on the contribution to the Community budget if MPs regarded the terms as inadequate. No doubt the Government would regard that as an issue large enough to justify a three-line whip, and no doubt it would survive. But the precedent of Parliament seeking to play a larger role in foreign policy, and in particular in matters relating to the EEC, has been set.

It might seem fanciful to draw a comparison with Congress and its challenge to the powers of the U.S. Administration in the 1970s. Yet there may be something in it. Congress refused, for instance, to vote American aid to Turkey because of that country's invasion of Cyprus, despite the Secretary of State's repeated advice that the withholding of aid would hinder a Cyprus settlement. What had happened was that due to a series of procedural reforms and the intake of younger members Congress had become more assertive. It was no longer possible for the Administration easily to get its way.

Something of the same nature seems to be going on in the House of Commons. We have had the intake of younger members in the last election, especially on the Conservative side. We have also had procedural reforms in the shape of the new Select Committees. The result is that it is impossible to say who, if anyone, has a grip on the House as a whole. Certainly the power of the Whips seems to have diminished and, as this week's events have shown, the threat of rebellion is at least as great in the Conservative ranks as it ever was in those of Labour.

In America the phenomenon is known as the decline of parties and has reached the stage where a candidate for Congress might refuse to be identified with the policies of his own President. In Britain we have gone nothing like so far, but that could be the direction in which we are heading.

It is tempting to say that the real revolt, if it comes, will be on the economy. Yet the evidence so far belies it. The Conservative Party has reacted to the obvious setbacks of the latest figures on earnings and prices by reasserting its original aims. There is concern about the level of public sector pay settlements, to be sure, and indeed that has been one of the main topics of the week. But there has been no disposition to disown the policies of the Chancellor.

Mrs. Thatcher was certainly right when she told the Conservative Women's Conference in London on Wednesday that the overwhelming message which she was receiving from the party on the economy was: "Keep going. Stand firm." Lord Thorneycroft, the party chairman, gave the same message on Tuesday and Mr. John Biffen, the Chief Secretary to the Treasury, was greatly applauded for his promise of the hardships to come.

It is the same with most Conservative MPs. They have responded to the poor figures by demanding that existing policies should be applied more firmly, just as they overcame their initial shock at the rise in the minimum lending rate last autumn by calling for more expenditure cuts. It may be different in the winter as unemployment goes up and the bankruptcies mount. But for the moment there has been a distinct rallying round the flag.

Mr. James Prior, the Employment Secretary, remains out on his own, probably the Minister least applauded by the Conservative women. Yet he staked his own claim for the future when he insisted that nothing else is as important as getting industrial relations right. "On this hangs the whole future of our democracy." If things were to go wrong for the Tories, Mr. Prior would be in the wings.

Not the least interesting spectacle of the week was that of the Conservative women themselves. They too have changed: serious and hatless, quoting statistics and the language of sociology. Like the Conservative Party in Parliament, they no longer react predictably. This must pose a question somewhere about the fragmentation of power.

Malcolm Rutherford

Letters to the Editor

World future for coal

From Messrs. J. Winward and D. Cope.

Sir,—The "Energy Review" by Martin Dickson of the study of future world coal trade (May 16) acknowledges that it will be economic, political and social factors which will determine future levels of the trade rather than purely technical and geological considerations. The statement that Britain will have a limited role to play (other than as a possible carrier), because it is "virtually self-sufficient in coal" appears to neglect such social and political constraints

The rising concern about oil supplies has ben paralelled by an increasing unwillingness to accept centrally - determined energy policies without demur and the recently completed Vale of Belvoir coalfield inquiry amply demonstrated the widespread concern about local consequences of national energy policies.

Most British coal will continue to be produced by relatively expensive deep-mining, with an increasing pressure for new, greenfield sites. The demand for detailed planning investigation and public inquiries, coupled with high production costs and geological constraints, will probably keep British coal at a cost disadvantage compared with supplies from Poland, Australia, etc. although even in these countries there is a limit to the amount of environmental degradation which will be tolerated, especially to support an export trade.

As the world coal trade develops, so there will be greater inducements for the UK to be drawn into the market of cheap imports. If a greater proportion of the total UK demand for coal comes from the general industrial sector, as several forecasts including those of the National Coal Board and Department of Energy suggest, pressures for minimum cost supplies are likely to increase. Major coal-using nationalised industries such as the Central Electricity Generating Board and British Steel Corporation are already importing some of their own coal. BSC imports 4m tonnes a year and was last February discouraged from adding another 1.3m tonnes only by a price discount which will cost the NCB about £22m. The recent Electricity Council medium-term plan explicitly states the need to retain the coal import option and a 15m tonne per year target has been widely quoted.

Calls for increased imports of coal to substitute for home-based production were a major part of the opposition case to the NCB's plans to develop the Vale of Belvoir coalfield and such demands are likely to be strengthened by reference to agreements such as that recently concluded in West Germany to move towards a matching of one tonne of imported coal to one of home-produced output.

The debate about the coal trade is indeed a political one and the coal-producing regions of Britain await the formulation of a coherent and long-term policy on imports, without which there must remain major uncertainties over the development of new coal-producing capacity in Britain.

John Winward, David R Cope,
Energy Planning Group,
Institute of Planning Studies,
University of Nottingham,
Nottingham.

Irreplaceable secretaries

From the Examinations Officer, Secretarial Studies, London Chamber of Commerce and Industry

Sir,—I refer to "Electronic mail replacing work of the secretary" on May 12. This article would seem to be a prime example of journalistic over-simplification. What it is essentially suggesting is that the electronic office is likely to reduce substantially the need for shorthand typists not secretaries. The final paragraph indicates the limitations even of such a development as this, as there will, of course, still remain innumerable small firms needing all forms of clerical assistance.

From the secretarial viewpoint I see the coming of the electronic office as doing only good since it is likely to free the secretary from the trivial and more mundane tasks of reproduction and free her for the much more important primary secretarial and management functions.

I also doubt whether in reality many senior executives actually want to sit and edit their own texts and, in any case, there is still a basic need for authorship and this type of authorship is likely to emerge from the management team top level secretary who is academically and professionally well qualified, and profiting from the enhanced status.

Discussions I have had with personnel involved in the development of the electronic office would seem to indicate that, in practice, there are very many drawbacks and it is certainly true to date that the demand for good secretaries, even with the beginnings of a word-processing revolution, is greater than ever.

(Mrs.) M. Collingbourn Beevers.
The London Chamber of Commerce and Industry.
Commercial Education Scheme (Secretarial Studies),
Marlowe House,
Station Road,
Sidcup, Kent.

The shirts off their backs

From the Managing Director Bowring and Layborn

Sir,—You report (May 21) that a senior executive of the Scottish Provident Institution has advised insurance brokers to "get their jackets off."

I am relieved to observe that he has not gone so far as to suggest that he is after the shirts from our backs although it would not be difficult to draw such a conclusion from the remarks which you attribute to him.

From 1974 until 1976 I served as chairman of the life assurance committee of the Corporation of Insurance Brokers and during that period led the CIB's delegation in discussions with the Life Offices Associations on differential commission for fully servicing brokers.

What we were seeking—and indeed is still being sought—is simple recognition by the life offices that the fully servicing professional intermediary is worthy of a higher level of remuneration than the agent who does no more than effect an introduction to the life office which then has to employ its own salesman to complete the transaction.

Over the years spokesmen of leading life offices have privately indicated support for such a system but there has always been some reason why it could not be introduced.

The present system is, whatever smoke screens might be put up by the life offices, inhibiting to the continuation and development in this country of a fully independent individual life assurance advisory and broking service.

It is a matter of record that many salesmen employed directly by the insurance companies receive higher rates of commission than insurance brokers; how else does one explain the fact that one well known life office with both broker and direct selling divisions has indicated that although only 25 per cent of its business is attributable to its broker division, 50 per cent of its profit arises from that source.

P. C. Price.
C. T. Bowring and Layborn,
PO Box 130,
142/152 Long Lane, SE1.

Flying from Glasgow

From the General Manager, UK and I Sales, British Airways.

Sir, — Your correspondent, Mr. Francey, of Erskine, Renfrewshire (May 19) complains that he can no longer get a cheap week-end shuttle fare to London because British Airways wants to make sure business travellers use the higher fares.

While it is true that excursion fares are designed for the non-business traveller, there is nothing to prevent a business person using them, and they have in fact recently been extended. As long as one Saturday night is spent away from home, Scottish visitors to London may travel Shuttle from Glasgow or Edinburgh on Friday, Saturday, Sunday or Monday — and save £23 on the normal return fare.

This arrangement should be ideal for Mr. Francey who says he spends a week in London on business every two months and has been used to travelling at week-ends to save money.

He might be interested to know that an even lower Shuttle standby fare of £29 single is available on the last flight of the day — Monday to Friday — and all flights on Saturday or Sunday between Edinburgh or Glasgow and London.

Mr. Francey should remember, though, that excursion and standby tickets must be bought before arrival at the airport.

G. K. Riddle.
British Airways,
P.O. Box No. 115.
West London Terminal,
Cromwell Road, SW7.

The Clegg clanger

From Mr. P. Glennon

Sir,—The simple expedient to rectify the Clegg Clanger on teachers' pay is to adjust the rate at which teachers earn pension rights between the effective date of the award and their normal pension date, from the present 1.667 per cent to 1.6 per cent (approximately 4 per cent).

As this yearly accrual is multiplied by future service and by final salary, it has the following advantages: it is more simple to calculate the overall percentage pension entitlement; the taxpayer foots the bill between now and the member's retirement, given that the unions have no intention of accepting corrected comparability, but the burden on the taxpayer arising from inflation protected pensions in reduced to the extent that the pensions themselves are reduced; and the teacher then has the option to use the surplus award either as an unexpected bonanza or towards making good his comparably adjusted pension entitlement.

While unclear on whether Professor Clegg would be directly affected by the above proposals, at least the value of his colleagues' post-retirement entertainment should be proportionately reduced.

Philip M. Glennon.
Greengates, 181, Chester Road,
Hazel Grove,
Stockport, Cheshire.

Charges for water

From the Secretary, Reading Ratepayers' Association

Sir,—Referral of more water authorities to the Monopolies Commission is to be applauded, but is no absolute answer to the problems arising from the growth of these bodies, which themselves have been called "near monopolies."

Their accountability—to the entire population—is highly questionable, but this can easily and cheaply be improved by members being directly elected (as are European Parliament members) at the same time as district councillors. The present system of a majority of members being appointed by the councils has clearly proved unsatisfactory.

To keep charges at a reasonable level, a first and, again, simple step would be for the Secretary of State to initiate a moratorium on further implementation of Section 30 of the Water Act, 1973, under which domestic charges, in effect, have to be increased to relieve industrial and commercial consumers. This may be an admirable aim, but the attempts to achieve it have so far resulted in increases averaging over 23 per cent for this year in the Thames water area, although ratepayers such as pensioners on lower than average rateble values have had still bigger increases to meet.

There is clear and loud public outcry about the behaviour of water authorities, and ratepayers should continue the pressure to bring them to book.

P. A. H. Baily,
15, Pepard Road, ...
15, Peppard Road,
Caversham, Reading.

Spaced out

From Mr. A. Gray.

Sir,—Only rarely does it happen that so many truly significant pieces of economic evidence come together in one FT issue (May 16) and spell out not only the present problems, but also the long term dangers facing Britain.

On the front page, side by side, warnings from Mrs. Thatcher that interest rates cannot be lowered until inflation is brought under control through a reduction in the record level of borrowing—while our leading company ICI agrees to pay 50,000 employees 21 per cent more for less time worked. Will high interest rates really beat inflation? Is the money supply really only growing at 10 per cent?

Page eight carried a headline, "Rates on empty business property to be cut" and the ensuing article noted that this was "easing the problems faced by small business," but later added that penal rates did not encourage owners to sell, or let; discouraged rationalisation; caused cash flow problems and in extreme cases caused owners to demolish property rather than continue paying high rates. The first point worthy of note is that the problems in holding empty property out of use, while paying rates on it, are entirely self-inflicted. If sold or let, the property would generate an immediate turnabout from cash outflow to cash income. Furthermore, if the property was not in use while penal rates were paid on it, the owner would be even less likely to bring it into use if by so doing that actually increased his rate burden. As for circumstances where properties have been destroyed, the rate should simply be deemed to apply to the land—at double or treble the original figure as a fine for vandalism.

We should never forget, the more that land and property are held out of use the higher will be unemployment. Perhaps a general increase in the penal level of rates would have been more appropriate, with additional increases at regular intervals until the correct "market price" has been established?

On page 10, the 45 per cent increase in new life assurance policy premiums during the first quarter of 1980, shows up one of the significant growth areas of the economy. Tax-sheltered savings flowing rapidly into the financial economy to slosh around and do nothing more than bid up the price of assets, depriving industry of cheap funds at the same time as making investment into productive assets less attractive due to the lower yield on them (caused in turn by the inflated price). And by the end of the year shall we read that another 2 per cent or 3 per cent of previously individually held equities have passed into institutional ownership, taking their share to around 55 per cent?

To crown it all, Mr. Wedgwood Benn was quoted, on the facing page 11 under a headline, "Welfare capitalism impossible," as saying that the next Labour Government will reconstruct the economy on a new basis and that trades unions will become more active in education. Perhaps with lessons like, how much easier it would be to control the economy if all pension and life assurance funds were controlled by a new Ministry of Securities? (Otherwise known as the Department of Nationalisation Without Compensation).

Interesting Financial Times, you might say.

Adrian Gray.
31, Russell Road,
Wimbledon, SW19.

The rudder of SS AP16

From Mr. J. Richardson

Sir,—In answer to Mr. Eckersley (May 20), surely everyone knows that the object concerned is the rudder of the SS AP16, which fell off while the crew were attempting to right its course?

J. N. M. Richardson,
16, Addington Close,
Windsor, Berks.

Today's Events

GENERAL

UK: Sir Geoffrey Howe, Chancellor of the Exchequer, visits National Girobank, Bootle, and J. Bibby Edible Oils, Liverpool.

Transport and General Workers Union leaders meet BL management

Overseas: The Queen flies to Australia for four-day visit.

Last day European Parliament session, Strasbourg.

PARLIAMENTARY BUSINESS

House of Commons: House rises for spring adjournment.

House of Lords: Royal Assent to Bills. House then rises for spring adjournment.

COMPANY MEETINGS

Babcock International, Business Centre, 116, Pall Mall, SW, 12.30. Benford Concrete Machinery, The Cape, Warwick, 12. Breedon and Cloud Hill Lime Works, Breedon on the Hill, Derby, 10.30. Clyde Petroleum, Central Hotel, Gordon Street, Glasgow, 12. Andrew R. Findlay, 1175, South Street, Glasgow, 12. John Finlan, The Adelphi Hotel, Liverpool, 12. First Castle Securities, Castle Chambers, 43, Castle Street, Liverpool, 11.45. Hawley Leisure, Prospect House, Farnham Common, Slough, Berks., 12. London and Manchester Assurance, Winslade Park, Exeter, Devon, 12.30. Midlands News Association, Queens Street, Wolverhampton, 12. Minet, Abercorn Rooms, Liverpool Street, EC, 12. Photax (London), Brampton Road, Hampden Park, Eastbourne, 12. Relyon P.B.W.S., Beam Bridge Hotel, Sampford Arundel, Wellington, Somerset, 12. Spear and Jackson International, Chartered Accountants Hall, Moorgate Place, EC, 11. Tioxide, 10, Stratton Street, W. 12.30.

UK COMPANY NEWS

ICI first quarter rise but margins narrowing

PRE-TAX PROFITS of Imperial Chemical Industries for the first three months of this year rose to £152m—£54m more than for the same period in 1979. But yesterday the group warned that trading conditions had become "much more difficult" over the last two months, and profit margins were narrowing.

Sales for the first quarter of 1980 were £1.523bn as compared with £1.185bn in the first three months of last year and £1.475bn in the final quarter of 1979. The *value of exports from the UK* also rose from £323m in the last quarter of 1979 to £349m—an increase of 8 per cent.

But sales volume dropped by about 1 per cent and since March it had fallen by a "significantly greater" proportion in certain business areas.

The company said profit margins were narrowing in its fibres, plastics and petrochemicals sectors. Demand was down, prices were weakening and the group was facing stronger competition from overseas. The continuing strength of sterling—ICI made an exchange loss of £4m in the first quarter of 1980—was encouraging a growth in imports to the UK.

The group was seeking a certain amount of destocking in petrochemicals and plastics with customers "holding off" in the hope that prices would drop further. There now appeared to be less discipline on pricing in some sectors. But during the first quarter, selling price increases, which had been pushed through in the wake of higher raw material costs, had offset the 1 per cent fall in volume sales.

The company's oil business, including its 19.2 per cent stake in the North Sea Ninian field, yielded a trading profit of £26m in the first three months of 1980 after the payment of £17m in Petroleum Revenue Tax. ICI shrugged off last week's announcement that peak production from Ninian would be slightly lower than had previously been expected.

"We do not view the fact that plateau production will be a bit lower than previously predicted with any great alarm," ICI said. "We have always been fairly prudent in our own estimates and by 1982, when peak production should be reached, we feel Ninian will still be making a substantial contribution to our profits."

The group said comparison of its latest figures with those of the first quarter of last year was "distorted" because of the 1979 road haulage strike. It added that it was impossible to draw any hard and fast conclusions from the downturn in business over the last two months. Performance during the rest of the year would depend partly on whether the recession deepened sharply or merely continued its "slow grinding down."

Earnings of Chemical Company of Malaysia, a subsidiary of ICI, have been adversely affected by rising costs, and the company is cutting its interim dividend.

For the first six months ending March, the company's pre-tax profit fell by 15 per cent to 9.3m ringgit. The dividend is reduced to 20 per cent from 22.5 per cent.

The company *is also not optimistic* about its second-half prospects. Rising costs, particularly of ammonia, will continue to eat into profits, and during the second half. CCM is expected to supply substantial tonnages of fertilisers to government agencies under fixed-price contracts signed at the end of 1979.

Lex, Back Page

HIGHLIGHTS

Lex briefly surveys the days economic statistics including figures for the first quarter PSBR and changes in industries' stocks before analysing four major company results. **ICI** has turned in £152m pre-tax for the first quarter, similar to the last two quarters of 1979, but it is now seeing a weakening of demand for chemicals. **Debenhams** has emerged from last year's surgery with sharply lower profits but hopes to achieve a recovery later in the current year. **Boots'** figures came in much as anticipated at £121.3m with margins squeezed on both retailing and industrial areas. **Associated Engineering** *failed to show any appreciable improvement from the sharp* downturn of last year with strikes again being blamed. On the inside pages there are depressing results from **William Press, Brockhurst, Pritchard** and **Fidelity**, and at the annual meetings of **GKN** and **Delta Metal** the managemtn are emphasising the problems caused by higher sterling and poor demand.

Fidelity Radio sees profits halved

DESPITE A promising first half, pre-tax profits of **Fidelity Radio** fell more than 50 per cent in the year to March 31 to £827,000 compared with £1.72m. At halfway the company reported pre-tax profits of £788,000 on turnover of £10.8m.

The directors point to a downturn in consumer spending which began before Christmas and continued into the new year, becoming more pronounced toward the end of the financial year. Margins also had to be sacrificed to compete with cheap imports.

An improvement is expected in the second half, however, as dealers replenish stocks. The outlook for exports is good, with substantial orders in Africa and encouraging prospects in Europe.

Turnover in the year under review rose slightly to £23.45m (£23.06m).

A final dividend of 4.003p leaves the total unchanged at 5.661p.

• comment

Shares of Fidelity Radio have plunged this year from 86p to a recent low of 40p and the announcement yesterday of a 52 per cent drop in preliminary pre-tax profits was hardly a shock. The company made only £39,000 in the second half, compared to £1m. The maintenance of a 4p net final dividend, however, was a bit of a surprise. The shares gained 1p yesterday to 44p but the yield is still a breathtaking 20.2 per cent. Fidelity has been clobbered by the drop in spending on radios and by intense competition from Far Eastern suppliers benefiting from the rise of sterling against the dollar and the yen. The company's £772,000 bank credit last year has been turned into a £700,000 overdraft to finance unsold stocks. The outlook is grim until the autumn when the company hopes that the enthusiasm for its new music centre and black-and-white television sets, shown at a trade show this week, will be translated into improved sales. The fully taxed p/e is 8.5.

Boots second-half recovery

AN IMPROVED second half surplus of £70.8m, compared with £63m, lifted pre-tax profits of **The Boots Company** from £113m to £121.3m in the year ended March 31, 1980 after a £0.5m decline to £50m at the halfway stage.

The current year will show a further increase in profits, say the directors, and they intend to continue their investment policies despite present difficulties.

Although UK retail sales rose by 14.25 per cent, real volume growth only amounted to about one third of that figure, and was below the level of previous years.

Industrial sales of pharmaceutical and agrochemical products at home and abroad rose by 11 per cent, and would have shown a greater improvement but for the effect of stronger sterling.

In the conditions, the directors feel the increase in total sales, from £1.05bn to £1.2bn excluding VAT, is not unsatisfactory.

Earnings per 25p share are shown as 22.5p (21.6p) and the dividend is lifted from 6p to 7p net with a final of 4.125p.

The pre-tax surplus—which would be reduced to £88.9m (£96.8m) on a CCA basis—includes investment income of £9.1m (same) and associates' shares of £0.9m (nil), and is *struck after charging interest of* £3.3m (£3.6m) and exchange losses of £1.4m (£2.3m).

Tax takes £39.9m (£35.6m) and minorities £0.4m (£0.5m). An extraordinary credit of £2.6m (£0.3m debit) represents profits arising from the repayment of foreign currency loans following the relaxation of exchange controls, and after the £25.4m (£21.4m) absorbed by dividends, the retained surplus emerges at £58.2m (£55.2m).

Negotiations with the Government on remuneration for the dispensing service provided by chemists are continuing, state the directors, and they hope for an improvement in profitability.

Lex, Back Page

Improvement by Witan Investments

For the year to April 30, 1980, gross income of Witan Investment Trust improved from £6.95m to £7.43m.

Interest took £2.05m (£2.81m), management expenses £449,000 (£515,000) and tax £1.65m (£1.31m).

The net final dividend is 2p, raising the total payment from 2.65p to 3.5p on earnings up from 2.7p to 3.76p per 25p share.

At April 30 the net asset value per share debenture stocks at par was 128.8p (138.8p) and at market value 134.3p (143.3p), assuming full conversion of convertible debenture.

Morland ahead at six months

Following record taxable profits of £1.13m, up from £0.96m, for the last full year, Morland and Company, brewer, wine and spirit merchant, has increased the surplus for the six months ended March 31, 1980, to £624,932, compared with £505,533.

The interim dividend is stepped up from 0.75p to 1p—last year's total was 3p.

Allied London expansion

ALLIED LONDON PROPERTIES has retained its record of recent years by improving its first half profits. In the six months to December 31, 1979, figures advanced from £521,279 to £579,340.

Rental income continues to expand and the housing division of this property investment company is making favourable progress despite adverse economic conditions.

The Board anticipates that profits for the full year will be in excess of last year's £1.23m.

The interim dividend is raised from 0.40726p to 0.45p—last year's total was 2.06458p.

Debenhams profit cut to £16m after heavy costs

AFTER A second half that had to bear some £6m of additional markdowns and £3.5m net closing down costs, Debenhams, the department store group, finished the year to February 2, 1980 with pre-tax profits of £15.82m against £23.31m previously.

Including VAT, sales for the year amounted to £585.53m against £524.27m of which £502.11m (£446.66m) was from continuing businesses. Sales excluding VAT were £539.44m compared with £496.14m.

Stated earnings per share are 9.4p against 14.3p and 12.1p (17.2p) on a nil distribution basis. The final dividend is 4.32443p stepping up the total from 6.10051p to 6.3656p.

In view of the major disposals of loss making activities during the year and the financial restructuring of the credit business operated by Debenhams Finance, the results have been divided between continuing, restructured and discontinued businesses.

The trading profit after cost of finance and the continuing businesses was £19.2m compared with £23.1m and the trading loss after cost of finance of restructured and discontinued businesses was £7.7m compared with a £2.4m deficit previously.

The directors say sales during the first few months of the year were satisfactory and the two weeks after the June, 1979 Budget, before VAT was increased, provided an unforeseen upsurge.

From then onwards trading deteriorated and as autumn approached it was clear that sales were becoming increasingly difficult to achieve and that the setback was likely to last well into 1980.

Stocks were reduced to a level some 16 per cent lower than at the previous year-end, and by the end of March, 1980 a number of loss-making businesses had been sold or closed down.

But, in the result the group has been able to maintain a strong financial position and to enter 1980 with stocks in a healthy state. However, sales are currently running only marginally below expectations, the board states.

	Year 1979-80 £000	1978-79 £000
Sales incl. VAT	585,528	524,267
Sales excl. VAT	539,440	496,140
Contin. businesses:		
Trading profit	21,113	24,830
Cost of finance	1,889	1,731
Restruct business:		
Trading profit	7,339	3,585
Cost of finance	8,521	3,704
Discont. businesses:		
Trading loss	4,021	†398
Cost of finance	2,518	2,665
Trading profit	11,514	20,711
Other items	4,204	2,597
Profit before tax	15,818	23,308
Tax	3,198	4,118
Net profit	12,620	19,190
Pref. dividends	86	86
Attrib. to ordinary	12,534	19,104
Ordinary divs.	8,756	7,978
Retained	3,778	11,126

* Debenhams Finance. † Profit.

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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied London Props. int.	0.45	—	0.41	—	2.06
Assoc. Engineering int.	1.63	July 14	1.63	—	6.02
Boots	4.13	July 17	3.5	7	6
Brockhouse int.	2	July 31	2	—	4.65
Concentric int.	1.21	July 1	1.1	—	3.2
Debenhams	4.32	Sept. 19	4.32	6.36	6.1
Fidelity Radio	4	July 11	4.22	5.66	5.66
Hambros Inv. Trust	3.71‡	July 31	2.6	5.51‡	4.1
Leeds & Dist. Dyers int.	1	July 1	0.7	—§	2.8
Ley's Foundries int.	1.05	July 1	1.05	—	4.3
Morland & Co. int.	1	June 30	0.75	—	3
J. N. Nichols (Vimto)	8	—	3.5	14	6.25
Ptsmth. Sunderld. News	2.25	July 26	2.2*	3.25	2.8*
Wm. Press	0.6	August 8	0.57	1.2	1.04
Pritchard Services	1.45	July 18	1.01	2.25	1.66
Scot. European Inv.	1.25	July 25	1.25	1.65	1.65
Scottish Inv. Trust int.	1.7	July 22	1.25	4.3‖	3.9
Sphere Inv. Trust	3.4	—	2.35	5.7	4
Stockhldrs. Inv. Tst. int.	1.25	July 11	1.1	—	5.43
Witan Invs.	2	July 25	1.45	3.5	2.65

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes special non-recurring payment of 0.51p. § Forecast for final dividend is 2p. ¶ Includes special non-recurring payment of 0.8p. ‖ Forecast for final dividend is 2.6p.

Scottish Inv. makes headway and pays more

Net revenue of the Scottish Investment Trust Company increased from £1.5m to £1.95m in the half-year to April 30, 1980. Tax charged was up from £969,000 to £1.21m.

Net asset value per 25p stock unit is shown as 132p against 128.2p at October 31, 1979. The interim dividend is raised from 1.25p to 1.7p, with a total for the year forecast at 4.3p against 3.9p last time.

The company has increased its foreign currency borrowings and refinancings from the equivalent of U.S.$28.2m to $38.7m.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Amro Bank	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	19 %
Associates Cap. Corp.	17 %	Langris Trust Ltd	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Winstrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	17 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.300	1	3.80	8	6.50	—	—	F.285
ABN C	F.310	1	2.20	—	—	—	—	
AKZ C	F.22.50	21	1.30	—	—	1	3.10	F.23.80
AKZ C	F.25	—	—	90	1.60	10	2.10	"
AKZ C	F.27.50	—	—	84	0.70	—	—	"
AKZ P	F.22.50	—	—	—	—	50	1	"
AKZ P	F.25	—	—	20	1.80	—	—	"
ARB C	F.65	—	—	15	2.20	—	—	F.61.80
HEI C	F.60	—	—	—	—	2	7	F.59.80
HEI C	F.65	—	—	5	2.60	—	—	"
HEI C	F.70	—	—	1	1.20	—	—	"
HO C	F.17.50	4	0.80	10	1.20	3	2	F.16.70
HO C	F.25	—	—	7	0.20	—	—	"
IBM C	$55	—	—	10	3 5/8	—	—	$62 3/4
IBM C	$60	40	1/8	10	1 7/8	—	—	"
KLM C	F.60	22	5	29	6.70	—	—	F.63
KLM C	F.70	45	1.80	—	—	2	4.60	"
KLM C	F.80	1	0.20	—	—	—	—	"
KLM P	F.60	87	2.40	10	4.80	—	—	"
KLM P	F.70	1	8	—	—	—	—	"
KLM P	F.80	5	17.30	—	—	—	—	"
NN C	F.120	5	1.50	—	—	—	—	F.117.40
PHI C	F.15	—	—	6	3.20	—	—	F.17.40
PHI C	F.17.50	—	—	15	1.20	44	1.70	"
PHI C	F.20	—	—	66	0.50	—	—	"
PHI P	F.17.50	40	0.60	2	0.90	25	1.30	"
PHI P	F.20	20	2.60	16	2.60	5	2.60	"
PSA C	F.260	—	—	1	5	—	—	F.253
RD C	F.150	199	10	25	10.70	—	—	F.156.80
RD C	F.160	222	3.60	43	6.40	—	—	"
RD C	F.170	70	0.90	105	2.50	—	—	"
RD P	F.140	45	0.70	14	2.20	—	—	"
RD P	F.145	72	1.20	30	4	—	—	"
RD P	F.150	204	3	9	6.20	—	—	"
RD P	F.160	83	7	3	11.50	—	—	"
RD P	F.170	13	15	2	20	—	—	"
UNI C	F.105	2	7	—	—	—	—	F.107.50
UNI C	F.110	26	2.10	—	—	10	7	"
UNI C	F.115	20	1	2	3	—	—	"
UNI C	F.125	2	0.20	—	—	—	—	"
UNI P	F.110	7	3.30	—	—	10	5.50	"
XRX C	$60	40	1/8	—	—	—	—	$54 3/8
		Aug.		Nov.		Feb.		
BA C	$40	—	—	10	1 3/8	—	—	$33 1/8
BAS C	DM.150	10	1.70	—	—	—	—	DM142.80
BAS C	DM.160	10	0.50	—	—	—	—	"
BAZ C	$30	1	4 3/4	—	—	—	—	$33 7/8
OXY C	$25	10	2 1/8	2	3	—	—	$24 3/8
OXY C	$30	10	5/8	10	1 1/8	—	—	
SLB C	$100	12	12	—	—	—	—	$107 3/4
SLB C	$110	10	5 1/2	5	10 1/2	—	—	"
SLB C	$120	25	1 7/8	25	6	—	—	"
		June		Sept.		Dec.		
GM C	$45	—	—	10	2 1/8	—	—	$45 3/8

TOTAL VOLUME IN CONTRACTS 2181
C=Call P=Put

Saxon Oil in Seventh Round

Saxon Oil, a new North Sea exploration company, yesterday made its debut after 15m 50p shares had been placed privately at £1. Only 5p per share has been paid so far, giving a net value of £750,000.

The company has been specially created for participation in the Seventh Round of North Sea oil block bidding. The placing was arranged by Singer and Friedlander, the merchant bank, and Hoare Govett, stockbrokers.

Saxon has already agreed to join on a 50-50 basis in a consortium with Conoco, the U.S. energy group to bid for blocks in two North Sea areas. If successful, the Conoco consortium would then drill exploratory wells, one of which might be in one of the Government's 20 premium blocks.

The cost of this exploration would be between £8m and £10m for Saxon and the company would then ask its shareholders to supply more of the £15m capital.

Clyde Petroleum, the UK oil company, has agreed to subscribe to 1.5m shares and the Gartmore and Electra House investment trust groups each hold 3m shares. The remaining holdings are divided among private and institutional shareholders, the latter group holding two-thirds of the balance.

Hoare Govett announced yesterday that applications have been received for shares in excess of the 15m shares originally sought.

Mr. Doug McGregor, one of the organisers of the placing, said: "There was so much interest in the City that we had to restrict circulation of the prospectus."

Although Saxon is not listed, it plans to seek a listing from the Stock Exchange under Rule 163 (iii) if it is successful in obtaining production licences. Mr. Richard Panton Corbett, of Singer and Friedlander said yesterday that the listing could be requested if additional money is called up for exploration. This would probably be around the end of the year when licences are awarded.

Mr. Corbett also noted that under Saxon's share option scheme, an additional 2.5m shares would be offered to the promoters of the company before funds can be raised through any further issue.

FORWARD TECHNOLOGY

For the 12 months to June 30, 1980, Forward Technology Industries has declared a second interim dividend of 3.3p net. This lifts the total for the period from 4.7p to 5.6p.

The company is changing its accounting date to December 31, to bring the UK subsidiaries into line with those in the rest of Europe. The current accounting period will run for 18 months.

MINING NEWS

Hopes rise for big new Malaysian tin venture

BY KENNETH MARSTON, MINING EDITOR

AFTER POLITICAL delays and disappointments over the past three years, agreement is now as close as it has ever been for what could be a major new tin mining development in Malaysia. It is the big Kuala Langat alluvial deposit in south Selangor.

Mining industry and government sources believe that the agreement between the Selangor Government and Malaysia Mining Corporation will be signed on June 21. The project will be 65 per cent-owned by the Selangor Government's mining company and 35 per cent by MMC in which London's Charter Consolidated has a stake of 28.6 per cent.

Technically, Kuala Langat is a challenge because it will be the deepest tin dredging operation so far undertaken. The area subject to the pending agreement is essentially the Brooklands Estate and certain adjacent land which amounts in all to some 4,000-5,000 acres and the tin-bearing material is covered by an overburden to a depth of about 150 feet.

Below this lies the tin orebody which has thicknesses varying between 100 ft and 200 ft. While a certain amount of the overburden will be stripped away before dredging starts, most will be moved by the dredges themselves for economic reasons.

They could thus be dredging to a total depth of 350 ft or so whereas the deepest dredge working in Malaysia at present does down to about 235 ft. The attraction is the grade of the ore of over 0.2 katis per cubic yard which is good by modern standards.

New deep digging and high-capacity dredges will be required—possibly three of them—and the construction time to the start of dredging would be about 2½ to three years. The parties concerned would be unlikely to have problems in financing the project, but the manner in which it would be done remains to be seen.

Ironically, Charter Consolidated which prospected the area in the early 1970s is unlikely to be given a direct stake in it, but will of course, hold an indirect interest via MMC. Charter will also be reimbursed for its past spending on the area of M$25m (£501,000).

Charter believes that the potential mining area is far larger than that now subject to the agreement. In all, there are some 40,000 acres to be explored and it would be reasonable to expect some extension of the tin mineralisation.

EARNINGS JUMP AT DICKENSON

Dickenson Mines, the Ontario gold producer, enjoyed a sharp rise in net profits during the first quarter, reflecting the high level of the bullion price, reports John Soganich from Toronto.

Net earnings were C$2m (£740,200), compared with C$300,000 in the first three months of 1979. The value of gold production at the group's Red Lake mine was C$6.4m, against C$3.1m. The average price Dickenson received was C$644, against C$284 in the 1979 first quarter.

Zimbabwe's first rights issue

ONE OF Zimbabwe's two major ferro-chrome groups, Rhodall, is to go public next week with an issue of 3m shares at 125 Zimbabwe cents (85 pence).

This will be the first public issue on the Zimbabwe Stock Exchange since the country became independent last month, and in fact, the first such issue on the local stock exchange since May 1975, reports Tony Hawkins from Salisbury.

Rhodall is controlled by the Anglo American Corporation of South Africa, which owns a 69 per cent stake. John Brown, the UK engineering concern, owns 20 per cent, and the remaining 11 per cent is divided between South African and French holders.

The shares, representing 12 per cent of Rhodall, are being offered on a return of 7.2 per cent, which is comfortably above the existing yields available on local industrial equities — between 5 per cent and 6 per cent.

The issue is expected to be comfortably oversubscribed, partly because of its small size and partly because the local market, which is underpinned by a substantial volume of institutional funds, has been starved of new equity issues for the past five years.

GERMAN GROUP

A delegation from Metallgesellschaft, the Frankfurt-based mining company, has gone to Turkey to discuss prospects for mining exploration and production with local companies in both the public and private sectors, reports Metin Munir from Ankara.

Metallgesellschaft is believed to be the first foreign company to send a delegation to Turkey after the Government opened up mining to foreign investors.

The Turkish Government regards mining as one of the fields which offer the greatest potential for growth and co-operation with foreign capital, according to government officials.

The officials added that the Government was studying proposals from both local and foreign companies that production sharing should be introduced to attract foreign capital into the mining industry. A similar system was accepted for oil exploration and extraction four months ago, when the Government introduced liberal guidelines to attract outside investment.

RESULTS AND ACCOUNTS IN BRIEF

SUNLIGHT SERVICE GROUP (laundries)—Results for 1979 reported April 28. Group fixed assets £5.29m (£5.12m), linen in circulation £2.6m (£2.07m), current assets £3.94m (£3.55m), current liabilities £4.7m (£4.2m). Meeting, London Westbury, W, June 13, noon.

YOUNG COMPANIES INVESTMENT TRUST—Results for year ended March 31, 1980 already known. Investments listed in GB £5.93m (£5.52m), overseas £150,757 (£11,496), unlisted £289,155 (£307,784). Current assets £689,290 (£885,327), current liabilities £554,905 (£520,052). Meeting, 20, Cannon Street, EC, June 9, noon.

MIDLAND INDUSTRIES (ironfounder and engineer)—Results for 15 months to December 31, 1979 reported on April 18. Fixed assets £12.32m (£8.06m); net current assets £2.83m (£2.14m); increase in working capital £772,000 (£1.2m). Chairman says that while conditions continue to be difficult nationally, the main activities of the company are trading satisfactorily. The agricultural division is still suffering from poor trade conditions, but considerable efforts are being made to restrict the problems. The company will continue, where necessary, its policy of rationalisation. Meeting, Wolverhampton, June 17, noon.

PETROCON GROUP (manufacturer and supplier to oil and petrochemical industries)—Results for 1979, reported with prospects April 30. Fixed assets £1.74m (£1.92m), net current assets £2.06m (£1.99m). Decrease in working capital £281,716 (£169,613). Pre-tax loss adjusted to SSAP 16 £267,000 (£208,000); historically pre-tax profit £152,588 (£246,801). Meeting, Petrocon House, West Byfleet, June 13, 12.30 pm.

WALTER RUNCIMAN AND COMPANY (Shipping, security and insurance group)—Results for 1979 already known. Fixed assets £21.51m (£48.95m) including ships valued at £14.22m (£42.14m) after depreciation, current assets £22.74m (£19.68m), current liabilities £20.01m (£21.99m), working capital increased by £1.24m (£1m). Increase in net liquid funds £4.24m (£5.18m). Chairman states that first quarter results are encouraging, and expects a return to the level of profitability achieved before the 1978 downturn—1977 pre-tax profits were £2.6m. Meeting, 52, Leadenhall Street, EC, June 17, noon.

BURRELL—Because of delays in printing annual report, the AGM will take place on June 30.

CAPITAL GEARING TRUST — Gross revenue year April 5, 1980, £83,277 (£84,803). Earnings £1,972 (£1,771) before tax £892 (£956), equal to 0.1p (same) per share. Net asset value 40p (40.8p).

SCOTTISH EUROPEAN INVESTMENT —Final dividend 1.25p making 1.65p (same) year to March 31, 1980. Gross revenue £932,000 (£1,072,258). Available for ordinary dividend £274,000 (£262,574). Net asset value 45.7p (57.8p).

PROVINCIAL LAUNDRIES — Results for 1979 reported April 1. Fixed assets £1.78m (£481,847); net current assets £332,505 (£378,689); debtors £855,465 (£228,620); shareholders funds £1.9m (£484,371). Following recent acquisitions, chairman says company will continue to broaden its base by further acquisitions and mergers. It is proposed to change the name of the company in the near future. Meeting, Farnham Common, Berkshire, June 12, noon.

Wm. Press £5.7m decline after poor second half

PRE-TAX profits of William Press and Son, mechanical engineering contractor, slumped from £7.19m to £1.9m in the second half of 1979. This left the figure for the full year £5.69m lower at £6.63m.

The directors report that results were greatly affected by the continued deterioration of world wide economic conditions which gathered pace over the course of the year causing a slowing of current and new capital investment in many of the group's traditional markets.

Results were also affected in the second half by industrial disputes, the strength of sterling and exchange losses on overseas activities.

Turnover, at £227m (£218m), was not up to expected levels. This, together with cost increases and unrecovered overheads, eroded margins.

With tax for the 12 months taking £2m (£5.57m), earnings per 5p share amounted to 3.78p (5.29p). The final dividend is 0.6p net, raising the total payment from 1.0363p to 1.2p at a cost of £717,000 (£680,000).

There is an extraordinary debit this time of £2m, relating to a provision for unpaid tax liability. Last year there was a £0.89m provision on an Iranian contract. Minority profits totalled £84,000 (£394,000).

At the year end cash balances, deposits and investments amounted to £18m net, including a contract down payment of £5m.

● comment

A bubble has burst at William Press. After an impressive five-year profits run and some respectable interim figures, the group has turned in a second-half performance which is inexplicably awful. The shares dropped 3p to 26p. Even at this level, the p/e of 6.7, on reported earnings before the extraordinary item, is assuming either recovery or an advantageous outcome to the Inland Revenue wrangles. The group cites strikes and "world wide economic conditions" as the root of its problems, but will not specify where the problems lay. With £18m of cash (net of loan stock) in the balance sheet, Press must have been deriving considerable benefit from high interest rates over the second half, so the 74 per cent profits decline may not reflect the full extent of the trading deterioration. The company claimed at the interim stage that the order intake was particularly satisfactory. But this has not yet been borne out so the only sure consolation for beleaguered shareholders is a yield of 6.7 per cent.

Hambros Trust's progress

WITH SECOND half pre-tax revenue advancing from £836,180 to £1.26m, Hambros Investment Trust reports figures for the year to March 31, 1980 up from £1.84m to £2.34m.

After tax up from £674,000 to £825,000, stated earnings per 25p share improved from 4.21p to 5p, which excludes a non-recurring dividend from Shell of 0.51p. Net asset value per share is shown as 151.3p (162.3p) at nominal value, and 162.9p (173p) at market value.

The final dividend is raised from 2.6p to 3.71p, which includes a special non-recurring dividend of 0.51p in respect of a deferred dividend from Shell. The total payment for the year is up from 4.1p to 5.51p.

Deeper loss for Barton Transport

DESPITE THE inclusion of a profit of £138,711 from bus sales, pre-tax losses of Barton Transport, omnibus operator and used car dealer, increased to £122,967 in the 24 weeks to March 15, 1980.

The coresponding period in 1978-79 produced a loss of £100,632, but the second half brought some recovery with profits of £32,00, leaving the full-year deficit at £69,000. Because of the seasonal nature of the business, the midway results should not be taken as indicative of the trend for the full year, say the directors.

Continual increases in costs coupled with delay in the approval of revised fares creates a gap which is difficult to bridge, they point out.

Although the benefits of an interim fares surcharge introduced in December and an increase in April have not yet been fully felt, it is hoped they will improve the trading position for the remainder of the current year.

As usual, there is no interim dividend—last year's single payment was 16.5648p net.

First-half turnover rose from £2.2m to £2.56m, and there was a lower tax charge of £840 (£3,206).

Leeds Dyers falls behind at halfway

A FALL of 74,225 to £371,548 in pre-tax profits is reported by Leeds and District Dyers and Finisters for the half-year to March 31, 1980.

The interim dividend is raised from 0.7p to 1p—last year's total was 2.9p from pre-tax profits of £1.034. The directors state that if there is no further depreciation in trade, the final dividend will be 2p (2.1p), thus restoring the balance of dividend payments to one-third at the interim stage and two-thirds at the final. This would result in an increase of 7 per cent for the year.

Tax took £65,000 (£165,000), leaving £306,548 against £280,773. During the six-month period £154,202 in respect of branches re-organisation costs was released from the provision of £212,138 carried forward at September 30, 1979.

Turnover in the first half increased from £4.46m to £4.88m.

The chairman says the increase in turnover was less than 10 per cent, which in real terms means a small downturn in volume.

He says competition is intense and margins are at best slim, and in some areas, non-existent. The company's liquidity remains substantial.

Portsmouth Sunderland jumps £1.1m

TAXABLE PROFITS of Portsmouth and Sunderland Newspapers improved from £2.88m to £3.99m in the year ended March 29, 1980, on turnover of £19.16m against £14.69m.

On a CCA basis, the surplus is reduced to £2.66m (£2.1m).

A final dividend of 2.25p lifts the net total to 3.25p, compared with an equivalent 2.8p last time.

A lower tax charge of £1.38m (£1.46m) includes a transfer to deferred tax of £24,000 in respect of short term timing differences and a transfer from deferred tax of £569,000—the amount of the provision which the directors consider, in the light of future capital expenditure, is not now necessary.

After an extraordinary debit of £792,000 (£13,000), including £706,000 for goodwill written off following the purchase of retail outlets, of which £397,000 relates to prior years, an amount of £1.42m (£1.05m) is retained.

Earnings per 25p share are shown up from 11p to 17.1p.

● comment

Last year was a bumper time for provincial newspaper groups and Portsmouth and Sunderland Newspapers was no exception. On the back of a cover price rise of around 12 per cent, advertising rate increases of 17 per cent and a beneficial dollar-sterling newsprint agreement, the group has turned in a good showing. Investment income also helped profits with an extra £250,000 added above the line. The retailing business produced a small profit, but the retailing arms of newspaper groups rarely perform in a splendid manner. On a CCA basis the dividend is covered 1.7 times: the yield comes to nearly 6 per cent at 80p, down 2p. In the current year the cost of the NGA strike will slice into earnings and the advertising market may not hold up if consumer spending falls severely. The group would do well to better the £3m mark by year end. Its p/e on stated earnings stands at 4.5.

Babcock Ind. down to £2.96m

A DROP in pre-tax profits from £3.09m to £2.96m is reported by Babcock Industrial and Electrical Products for 1979. Turnover of the company, a wholly-owned subsidiary of Babcock International, increased to £75.47m from £65.12m.

There was an interest charge of £1.09m (£606,000) and a tax credit of £270,000 (£30,000 charge).

The directors say profits were depressed by the road haulage and engineering strikes which affected most operations. The company's activities were regrouped in June into electrical distribution, general manufacturing, mining and process control and instrumentation.

Ley's Foundries midway profit

Pre-tax profits of £163,000 are reported by Ley's Foundries and Engineering for the half year to March 31, 1980, compared with a £530,000 loss in the same period last year. Turnover was down to £15.98m against £23.07m.

Ley's associated company lost 609,000 (nil) and there was again no tax charge. The interim dividend is held at 1.05p.

The board says profits were lower in the second quarter than the first because of the steel strike. There were lower sales in most areas, and severe reduction in demand at the Lincoln foundry, now owned by the associated company, led to redundancies and heavy losses.

Lionel Corpn. in London

Trading in the shares of U.S. toy retailer and electronic component maker, Lionel Corporation, are to begin today on The Stock Exchange. Mr. Ronald Saypol has forecast net income after tax in 1980 of $8m compared to $5.86m in 1979, or $1.50 a share ($1.14) on turnover of $300m ($240).

The shares traded in New York last year between $4⅜ and $8⅜. So far this year, the range has been $4⅞ to $8⅜.

Sphere rises to £3.53m

Gross revenue of Sphere Investment Trust advanced from £2.69m to £3.53m in the year to March 31, 1980, and net income pushed ahead from £1.34m to £2.01m.

The net figure was struck after expenses and interest of £521,794 (£584,086) and tax of £994,827 (£770,735).

Earnings per 25p share gained 2.25p at 6.62p. The net final dividend is 3.4p for a 5.7p (4p) total, and the directors intend to pay an interim 2.85p for the current year.

SPAIN

May 22	Price %	+ or −
Banco Bilbao	208	+2
Banco Central	224	+5
Banco Exterior	207	
Banco Hispano	206	+2
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	244	+4
Banco Urquijo	146	+3
Banco Vizcaya	214	+2
Banco Zaragoza	200	
Dragados	81	+3
Espanola Zinc	60	
Fecsa	60.5	−0.2
Gal. Preciados	25	+1
Hidrola	66	
Iberduero	60.5	+0.3
Petroleos	105	+3.5
Petroliber	59	
Sogefisa	107	
Telefonica	63.2	+0.2
Union Elect.	66	+0.5

Assocd. Engineering held to £10.5m at midway

FOR THE half year ended March 31, 1980, pre-tax profits of Associated Engineering were little changed at £10.5m against £10.3m, reflecting the significantly higher interest costs incurred in the current six months.

However, sales were 24 per cent higher at £228.9m with 8 per cent of this attributable to newly acquired companies. The directors say much of the increase has been achieved at lower margins, but feel the penetration into export markets will stand the group in good stead.

Stated earnings per share are down from 7.4p to 6.9p but the interim dividend is held at 1.63p—last years' total was 6.02p from pre-tax profits of £19m.

The first half was affected by the aftermath of the engineering strike, the steel strike, high interest rates and the competitive pressure on UK export prices. The direct effects of the steel strike are still being felt and other world uncertainties make forecasting profits for the second half extremely difficult, the directors state.

	Half year 1980 £m	1979 £m
External sales	228.9	183.4
Profit*	16.2	13.6
Interest payable	5.7	3.3
Profit before tax	10.5	10.3
Tax	3.4	2.6
Net profit	7.1	7.7
Minorities	0.2	0.3
Pref. dividends	0.1	0.1
Attrib. ordinary	6.8	7.3
Ordinary dividends	1.6	1.6
Extraord. credits	0.7	0.1
Retained	5.9	5.8

* After depreciation of £5.2m (£4.3m).

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UTD. CAPITALS INVESTMENT

The resolution to place United Capitals Investment Trust in voluntary liquidation was passed at the EGM. The liquidator hopes to make a first capital distribution in cash of 20p per share within one month.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Cardiff Property, Homfray, Pentland Investment Trust.

Finals: Castings, Dundonian, Fashion and General Investment, A. Goldberg, Hield Bros., Toray Industries, Viners.

FUTURE DATES

Interims—	
Carr's Milling Industries	June 4
Causton (Sir Joseph)	May 29
Comet Radiovision Services	June 4
Duple International	June 18
Marley	June 2
Moran Tea	May 27
Raeburn Investment Trust	June 20
Finals—	
Bradford Property Trust	June 17
Capital and Counties Property	May 30
Crosby Spring Interiors	June 12
Dunhill (Alfred)	May 28
Elliott (B.)	June 25
Harrisons and Crosfield	June 3
Warren Plantations	May 29

Confidence at Simon Engineering

Expressing no doubt about the long term future of Simon Engineering, Mr. H. C. Harrison, chairman, says in his annual statement that the Board enters the new decade with high hopes and confidence. However, he adds that the directors realise that in the current year they will have to strive hard to maintain the group's profit growth record.

As reported on April 29, taxable profits for 1979 improved from £16.61m to £18.54m, on sales of £323.9m against £235.8m. On a CCA basis the profit figure is shown in the accounts at £13.51m.

During the year expenditure on expanding and modernising building, plant, equipment, etc., of existing companies was £8.23m. Some items had to be carried into 1980, which is expected to show a further increase in investment. The company continued to spend heavily on bulk storage facilities in the merchanting and storage group. Planned expenditure in the current year should top £5.5m, the major part of which will be used to service already agreed storage contracts.

Meeting, Stockport, on June 16, at noon.

J. N. Nichols (Vimto) up 42%

A RISE of 42 per cent in pre-tax profits, from £1.28m to £1.81m, is reported by J. N. Nichols (Vimto), the Manchester-based fruit cordial and essence manufacturer, for the year to March 31. Turnover was up almost 64 per cent at £10.12m, compared with £6.18m.

Tax took £761,000 (£628,000), leaving an attributable balance of £1.05m (£647,000). The final dividend is increased to 8p (3.5p) making a total for the year of 14p (6.25p). Stated earnings per 25p share are 52.25p (32.35p).

BATEMAN EICHLER

Bateman Eichler Hill Richards, the California-based investment bank, has established a London subsidiary to specialise in corporate finance projects.

The UK venture, to be headed by former Orion Bank director Nathan Gelber, will provide a variety of services including help for UK and European companies interested in acquiring U.S. businesses. The firm currently provides brokerage services to about 75 UK institutional investors.

Brockhouse plunges to £0.3m as strikes take toll

THE engineering and steel strikes cost Brockhouse, engineer, transport, building and materials handler and equipment manufacturer, £694,000, and as a result, pre-tax profits for the six months to March 31, 1980, have plunged from £1.37m to £327,000. The pre-tax figure was struck after substantially higher interest of £1.12m against £581,000.

The board says tighter margins, the strong pound, increased fuel costs and the high interest rates resulted in a loss for home activities. Escalation costs due from Iran are still being negotiated.

Overseas companies improved their performance and although there is some softening in the market, they should maintain their performance for the remainder of the year, says the board.

Orders on hand are some 10 per cent down on last year, and with a few exceptions there is a marked slowing down of incoming orders.

Against this background, the board says optimism for the year would be misplaced and the possibility of matching last year's performance is remote.

After tax up from £170,000 to £462,000, the stated loss per 25p share is 0.95 (earnings 6.89p), and the interim dividend is unchanged at 2p—last year's total was 4.65p from pre-tax profits of £2.46m.

● comment

The interim figures from Brockhouse are not a pretty sight. The UK companies made a loss of some £750,000, with overseas tax charges pushing the group into an attributable loss. The company parcels up the damage under three headings: strikes (steel £600,000, engineering £100,000); fuel costs (up £193,000); interest charges (up £538,000). The second half outlook is only marginally less gloomy. Repercussions from the steel strike are still working their way through the industry. Motor industry custom cannot be expected to be buoyant and orders are slowing generally. Meanwhile, net borrowings are probably now up around £10.5m following the Epco purchase. Overseas company markets are beginning to soften, but at least order books are full through the current year. At 37p, down 4p, the shares yield 19 per cent assuming a maintained final.

Pritchard Services profit dip

After more than doubled interest charges of 1.08m against £516,000, pre-tax profits of Pritchard Services Group were down from £2.57m to £2.41m at the end of 1979. Turnover amounted to £74.04m against £53.38m.

The final dividend is 1.45p raising the total from 1.65909p to 2.25p. Stated earnings per share are 7.33p compared with 7.4p.

UK tax charge is £353,000 (£539,000) and overseas tax takes £426,000 (£367,000). Attributable profit amounts to £1.35m against £1.66m after minorities and an extraordinary debit of £222,000 (£75,000 credit).

● comment

Pritchard Services finished the year on forecast but slightly below 1978 profit mainly because of losses from the North American building maintenance business acquired from ITT in 1978 and the high interest cost on the $8m borrowed to buy it. Now that 56 per cent of turnover comes from outside the UK—but only 32 per cent of profit last year—the high value of sterling affects results too. Profit of associated companies, reflecting the Kuwait and Saudi Arabia contracts, grew by one-third and the group hopes for still better returns on its efforts in recent years to develop these and other markets. The final dividend has been raised 34.5 per cent but the shares still shed ½p yesterday to 39½p. The yield is 8.6 per cent and the fully taxed p/e is 7.4—a fairly undemanding rating considering the company's confidence in its ability to earn record profits this year.

Higgs and Hill makes reasonable beginning

THE CURRENT year has started quite well at Higgs and Hill, the construction, property development and housebuilding group, says Mr. E. W. Philips, chairman, in his annual statement. But it would be premature to give a quantified forecast.

The group incurred a pre-tax loss of £908,000 for 1979, struck after a £2.5m exceptional provision against a major road contract being undertaken in Trinidad, as reported on April 18. There was a taxable profit of £2.09m in 1978.

The chairman said in his preliminary statement that a return to overall profits was expected for the current year. He now says turnover should be about 20 per cent ahead of the £100.8m achieved last time.

The effect of the policies the group is now following has been to reduce the operating base by concentrating on the principal and more successful activities. These will be confined to building (in the U Kand overseas), property development (in the UK and France), and housebuilding.

The directors are confident about the future of all these operations, given reasonable market conidtions, and all are currently profitable.

The disappointing result has not put undue pressure on liquidity and the directors anticipate a substantial inflow of funds during the rest of this year. Net liquid funds fell by £4.47m (£0.14m) in 1979.

Group fixed assets totalled £11.37m (£11.07m) at the year-end. Current assets were down from £23.63m to £21.82m, including cash on deposit, at bank and in hand of £1.61m (£3.76m). Current liabilities amounted to £17.38m (£18.17m), of which bank overdrafts accounted for £3.12m (£0.8m).

Emerson Elect. beats TI for Crane Packing

Crane Packing, the Chicago based group which last year announced that it was looking for a buyer, has finally agreed an offer, ending Tube Investments' acquisition hopes.

Emerson Electric, the St. Louis company with interests in a broad range of electric and electronic products, is to take over Crane for cash and instalment notes totalling $196m (£84m).

Announcing the ending of talks at the AGM earlier this month, Sir Brian Kellett, the chairman of TI, said the owners of Crane had "failed to meet their expectations of price" and any further moves depended on the owners reconsidering their position.

TI is now having talks with Emerson regarding the joint venture company Crane Slough, 49 per cent of which was owned by Crane and 51 per cent by TI. TI said yesterday it did not want to see any change in the position of Crane Slough, preferring to hold on to its interests.

Crane Packing is a privately held company manufacturing mechanical seals and packing elements for pumps, compressors and similar rotating equipment, mainly in the energy-related fields: petroleum, chemicals and nuclear.

It has assets of $107m, with sales and profits last year of $133m and $15m respectively.

Emerson is a tightly run concern which has been expanding steadily by acquisition. It has more than 100 businesses in 33 countries, including the UK. Sales in the first half of 1980 were $1.5bn ($1.2bn). Earnings rose by 16.5 per cent to $114m.

REED STENHOUSE

Reed Stenhouse Companies (in which Stenhouse Holdings has 53.69 per cent of the equity) has acquired Julian Gibbs Holdings and its subsidiaries. This will involve Reed Stenhouse in a financial commitment of some £300,000.

The Gibbs companies will operate under the direct control of Reed Stenhouse Benefit Consultants, the group's subsidiary specialising in all aspects of pension and life assurance business. The management and sales force will be retained.

BOOKER McCONNELL

Booker McConnell announces the sale to the Government of Zambia by its wholly owned subsidiary Bookers (Zambia) of that company's 33 per cent shareholding in the Consumer Buying Corporation of Zambia (ZCBC) and 49 per cent shareholding in National Drug Company.

Total proceeds of the sale will amount to Kwacha 2.5m (some £1.4m) and these are expected to be remitted to the UK by instalments over five years.

WARING AND GILLOW/MAPLES

Of the 7,133,775 ordinary share acceptances received in respect of the offers by Waring and Gillow for Maples, 6,769,001 were acceptances of the cash offer, and 364,774 of the shares and cash offer, states J. Henry Schroder Wagg and Co.

SHEFFIELD REFRESHMENT

Sheffield Refreshment Houses has acquired the Roslyn Court Hotel and the St. Andrew's Hotel, both in Sheffield, for £600,000 cash including £60,000 for goodwill.

The purchases have been funded partly by the group's own cash resources and partly by bank borrowing. Due to the current high cost of borrowing it is not anticipated that the acquisition will make an immediate contribution to group profits.

LAKE & ELLIOT

Lake and Elliot has acquired the net assets of Darenth Filtration, manufacturers of industrial filtration equipment who are based in Kent.

Consideration is £700,000 cash net, for which Lake will acquire the assets of the two factories at Erith and Sittingbourne. It is intended to develop and expand the business and to improve the profitability which is currently expected to make a contribution of the order of £250,000 to trading profits in a full accounting year.

LONDON AND NORTHERN GROUP

London and Northern Group has acquired major interests in John Bell (Decorative Finishes) and John Bell (Electrical) through its Scottish construction division Uniscot.

The Bell companies operate as electrical and plastering contractors in Glasgow and South-West Scotland. They will remain under the day to day management of Mr. John Bell, who is retaining a substantial equity interest, and his co-directors.

Within London and Northern they will be closely associated with T. M. Simpson, the group's major plumbing and heating contractors operating throughout Scotland from Glasgow and Aberdeen.

T & N CANADIAN SALE COMPLETED

The sale by Turner and Newall to Société Nationale de L'Amiante, a Quebec government agency, of its shareholdings in Bell Asbestos Mines, Thetford Mines, Atlas Turner Inc. and Turners Building Products for C$35.5m (£13.2m) was completed on May 19, 1980. The proceeds have been received.

LONDON & EUROPEAN

Abbott Birks and Co., a subsidiary of London and European Group, has purchased for cash the safety equipment and protective clothing distribution department of Steetley Industrial Distribution. The final price is expected to be £300,000. Abbott Birks distributes engineers' tools and equipment.

ATCOST GROUP

The Atcost Group, specialists in pre-cast concrete frames for the construction industry, has acquired Hillspan, the Southampton-based steel frame company.

Cadbury expand French interests

CADBURY SCHWEPPES has acquired full control of Schweppes (France), a move described by Sir Adrian Cadbury, the chairman, as "a major step in strengthening" the group's presence in Europe.

Sir Adrian announced at the the group had exchanged its 21 per cent interest in Schweppes in Belgian for the 79 per cent of the shares in Schweppes (France) which it did not already control. It also made a cash payment of £4m.

Sir Adrian said the French company had a fine growth record under the management of the Martin family who had made "Schweppes" and "tonic" synonymous throughout the country. The aim was to continue the progress of the business and to link it more closely with the other company-owned Schweppes operations in Europe.

The chairman reported that overseas sales during the first months of 1980 were in line with the company's budgeted expectations. Home sales, however, had been affected by the deterioration in UK economic conditions and were below forecast levels.

Sir Adrian said it would be imprudent to count on any real improvement in the remainder of the year, but by trimming the home business to the prevailing sales level, the company would manage its way through the difficult next 18 months and be in a position to take advantage of growth when it came.

Sir Adrian reported that the North American business continued to show good progress in the U.S. while in Canada the confectionery commissioning difficulties had been largely overcome and the foods and drink operations were on budget.

The Australian company had had a good start to the year and was confident in its prospects for 1980.

LAURENCE SCOTT

Rowe and Pitman's offer to acquire shares in Laurence Scott at 60p on behalf of Mining Supplies will close at 3.30 pm today, whatever the level of share purchases achieved.

No shares were picked up in the market yesterday but later Rowe and Pitman were notified of the sale of a block of 100,000 shares. This takes Mining Supplies interest in Scott up to 26.76 per cent, still short of the 29.9 per cent objective.

ATS directors dispose of 90,000 shares

Five directors of Automation and Technical Services (Holdings) have sold 90,000 shares, 36 per cent of those issued, to private and institutional investors at 480p per share.

The company, whose subsidiaries manufacture and distribute electronic equipment in the fields of telemetry and communications, had pre-tax profit in 1979 of £194,000. The National Enterprise Board holds 30 per cent of the shares and executive directors still hold 34 per cent.

The shares were placed by Laurence Prust and Co. under rule 163 (2) of the Stock Exchange and it is intended to make arrangements later to ensure continued marketability for the company's shares through seeking a full listing or inclusion in the unlisted market.

Mr. F. H. Mann and Dr. J. M. McMahon, non-executive directors, sold all their shares, while Dr. R. Ferguson, managing director, and Mr. John Cook and Mr. Norman Holden sold a total of 15,000 shares.

Glasgow investment managers, Murray Johnstone bought 45,000 and the remainder was placed with private and institutional investors.

RESULTS AND ACCOUNTS IN BRIEF

CENTRAL AND SHEERWOOD (engineering, distribution, printing and publishing)—Results for 1979 reported on May 1. Fixed assets £15.89m (£14.08m); net current assets £16.12m (£15.09m); increase in working capital £9.59m (£6.73m); bank overdrafts and loans £14.13m (£6.17m); pre-tax profits of £4.72m reduced to £2.85m on CCA basis. Meeting, Hyde Park Hotel, Knightsbridge, SW, June 12.

I. J. DEWHURST HOLDINGS (clothing maker and supplier to Marks and Spencer)—Results for 1979-80 already known with one-for-three scrip. Fixed assets, £4.54m (£3.73m). Net current assets, £2.08m (£1.74m). Chairman says sales ahead of last year and profit increase in first half is expected. Meeting, York, June 13 at noon.

HUNTING GIBSON (shipping) — Results for 1979 reported May 2. Group fixed assets £16.29m (£17.26m). Current assets £6.16m (£4.06m), including cash at bank and in hand £269,000 (£8,000). Current liabilities £5.82m (£4.86m), including bank overdrafts £0.69m (£1.02m). Net liquid funds increased by £2.46m (£1.14m). Highest-paid director £90,500, including £20,000 for 1978 (£34,000). Chairman expects 1980 to show continuing progress. Directors looking into number of possible diversifications. Meeting, 118, Park Lane, W. June 16, 12.30 pm.

HEWDEN-STUART PLANT — Results for 53 weeks ended February 3, 1980 reported April 11 in full preliminary statement. Group fixed assets £44.86m (£37.63m), current assets £30.53m (£25.82m), current liabilities £22.67m (£15.73m). Working capital up £0.23m (down £2.05m). Ex-gratia payment of £10,000 was made to the past chairman on his retiral from Board. Meeting, Glasgow, June 12, noon.

F. MILLER (TEXTILES) (clothing manufacturer). Results for year ended February 13, 1980, reported April 12. Group fixed assets £4.41m (£2.81m), net current assets £1.78m (£1.87m). Chairman expects interim results for current year to be a little disappointing but he looks forward with cautious optimism to second six months. Meeting, Glasgow, June 12, noon.

NORTHERN ENGINEERING INDUSTRIES—Results for 1979 reported on April 18 in full preliminary report. Fixed assets £72.07m (£64.39m); net current assets £87.13m (£86.14m); bank borrowings £12.16m (£9.81m); increase in working capital £3.08m (£14.34m). Chairman says group has made a good start to current year. Meeting, Newcastle-upon-Tyne, June 11, noon.

NURDIN AND PEACOCK (cash and carry wholesaler)—Results for 1979 reported April 30 in full preliminary statement. Group fixed assets £14.18m (£11.69m), net current assets £10.49m (£7.73m). Shareholders' funds £24.43m (£19.07m). Comparatives restated. Meeting, Richmond, Surrey, June 7, 11.30 am.

PORTALS HOLDINGS (papermaking, water treatment and engineering, property)—Results for 1979, and prospects, reported in full preliminary statement on April 17. Group fixed assets £28.71m (£25.79m). Net current assets £21.22m (£18.97m). Net cash balances and marketable securities fell by £2.28m (£3.59m). Meeting, Howard Hotel, WC, May 27, 12.30 pm.

SCOTTISH TELEVISION—Results for 1979 reported April 12. Group fixed assets £7.31m (£5.93m). Current assets £7.39m (£5.07m). current liabilities £4.92m (£2.7m). Chairman says advertising revenue in first quarter of 1980 was 48 per cent ahead of same period last year. But this should not be taken as accurate indicator for full year—signs that advertising revenue will slow down and that second half may well be less buoyant. Meeting, Cowcaddens, Glasgow, June 5, noon.

SHEFFIELD BRICK GROUP—Turnover for 1979 £4.1m (£2.57m), net loss £17,000 (£25,000) after tax credits of £1,000 (£52,000). Stated earnings per 25p share 0.2p (4.2p). Final 1p making 1.75p (3.136p).

STANDARD TELEPHONE AND CABLES (STC) (subsidiary of ITT)—Results for 1979 reported on April 15 in full preliminary report. Current assets £246.52m (£206.52m re-stated); net current assets £110.59m (£128.17m re-stated). Chairman expects 1980 to be a difficult year, but in the longer term he welcomes the enhanced opportunities for private capital that Government policies imply. He says group is well equipped to face any challenge which may arise. Meeting, Connaught Rooms, Great Queen Street, WC, June 10, 11 am.

STEAUA ROMANA (BRITISH)—Investment income for six months ended December 31, 1979 £2,200 (£2,094). Managerial charges £4,147 (£3,900) leaving loss £1,947 (£1,806). Again there is no tax charge.

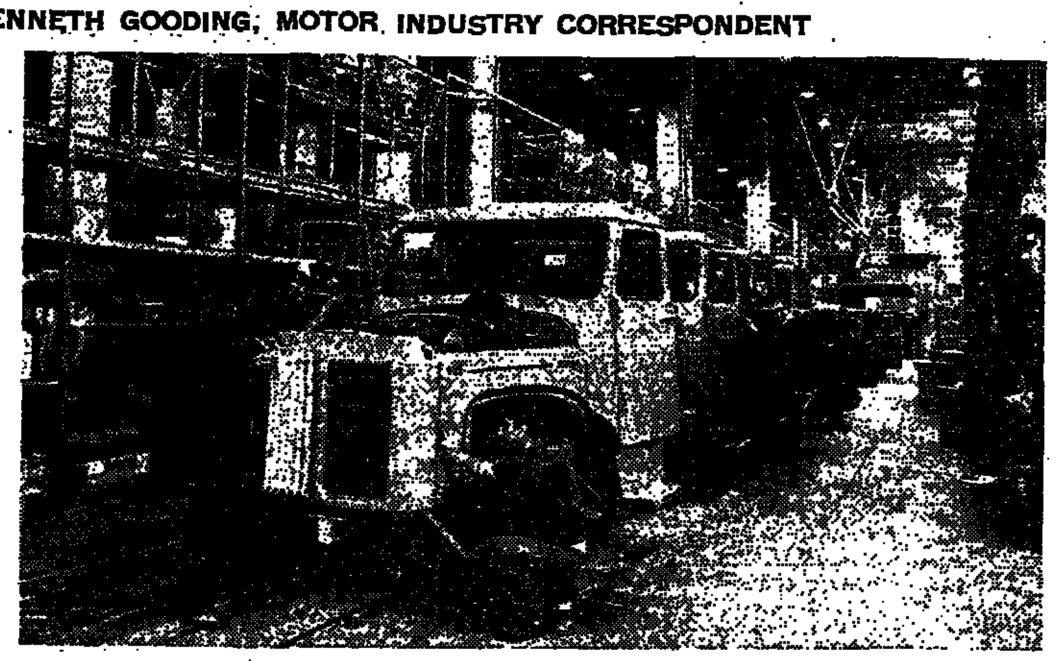
USHER-WALKER (printing inks and rollers)—Results for 1979 reported May 13. Group fixed assets £1.23m (£1.17m), net curent assets £1.18m (£1.05m). Chairman says current year is showing a substantial increase in turnover and 1980 prospects look satisfactory. Daily Telegraph holds 17.78 per cent of ordinary shares. Meeting, Connaught Rooms, WC, June 12, noon.

WATTS BLAKE BEARNE AND CO. (clay mining and processing group)—Results for 1979 reported on April 2 in full preliminary report. Fixed assets £18.13m (£13.63m); net current assets £2.67m (£2.65m); increase in working capital £115,000 (£654,000); historical pre-tax profits of £3.51m (£3.02m) reduced to £2.45m (£2.14m) on CCA basis. Meeting, Manor House Hotel, Moretonhampstead, Devon, June 6, noon.

BEN WILLAIMS AND CO. (wholesale clothing manufacturer) — Turnover for 1979 £1,951,047 (£1,787,111), pre-tax profit £10,348 (£24,625) after interest £57,564 (£30,925). Tax £2,914 (£3,755). Extraordinary credit £56,053 (£168,107). Earnings per 10p share 0.48p (1.7p), dividend 0.5p (same) net.

Scania looks to Latin America for truck market growth

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT



Assembling Scania trucks at the Tucuman plant in Argentina

THERE WILL almost certainly be considerable turmoil in the European truck manufacturing business during the 1980s, brought about by static demand and the need for companies to spend heavily on new or improved models. But those groups with manufacturing operations outside Europe should be protected somewhat from the upheavals.

Scania, the truck-making subsidiary of Sweden's Saab-Scania, is relying quite heavily on its Latin American plants to provide some compensating growth. Its factories in Brazil and Argentina have already been slotted into its worldwide component manufacturing network. As it makes heavy trucks in low volume—25,000 a year—Scania needs all the economies of scale it can find.

The Brazilian plant, established since the 1950s at San Bernardo do Campo, near Sao Paulo, supplies all the oil pumps for all the diesel engines made by the group.

And half the group's requirements for driveshafts are provided for by the Tucuman plant in Argentina which sends 18,000 a year to the Scania plant in Holland, plus 25,000 to Sweden.

Apart from that, there is considerable trading between the Argentinian and Brazilian factories. In crude terms Brazil provides the engine sets for the vehicles made at both while Argentina makes the gearboxes. And, while Argentina has been taking its truck cabs from Sweden, it will shortly shift to supplies from Brazil.

Benefit

All this has been achieved in spite of really hefty local-component requirements by both the Brazilian and Argentinian governments.

As well as this trade in components, Scania naturally expects to benefit from the potential growth in demand for heavy commercial vehicles in these Latin American markets.

Brazil's heavy truck (above 16 tons gross weight) market should grow at 15 per cent a year if it is to keep pace with the expected expansion of GDP —6 per cent a year in spite of oil supply problems. But demand has been static for the last couple of years. The total market for "heavies" fell from a peak 9,000 a year to 6,000. Scania's output followed the trend, dropping over two years from an annual 4,500 to 3,500.

The potential in Argentina, where the average age of the trucks on the road is eight years, is also huge—if political stability can be achieved in that country. After all, Argentina is self-sufficient in both food and oil.

But Argentina is certainly not the ideal place in which to invest in a new manufacturing subsidiary. Scania took the plunge out of necessity.

The group had a big share of the heavy truck market until 1969 when the Argentinian Government banned all vehicle imports with the aim of protecting local manufacturing industry. Scania took an immediate decision to build a plant and obtained permission. Building was slow — there was, after all, a civil war among the other delays — and production of trucks and engines did not get under way until the autumn of 1976.

The chosen site of the new Scania plant, selected by the Argentinian Government, was not ideal either. Tucuman, the centre of the sugar-cane producing region, has a "medium" risk of earthquakes. The Government's idea was that the plant should provide much-needed jobs at a time when the sugar processing industry was mechanising and shedding labour. From Scania's point of view, however, it meant that all 700 local employees had to be trained from scratch.

The Tucuman plant is vertically integrated, making many of the key components it requires itself. Other components and raw materials are bought from Argentinian suppliers.

However, sheet metal components are bought from its sister plant in Brazil because the cost of tooling up in Argentina would be too great for the expected volume. But welding, grinding and painting operations are all completed at the Argentinian plant. Some 90 per cent of its machine tools had to be imported, mainly from Europe.

In value terms, when a truck leaves the plant ready for the road, about 75 per cent comes from Argentina, 15 per cent from Sweden and 10 per cent from Brazil. This will alter in Brazil's favour when the sourcing of the cabs is switched.

So far Scania has spent about $32m on the Tucuman plant and during this year will pump in a further $10m, mainly to provide the working capital needed as output expands. At the moment around 80 trucks a month roll off the lines, which is just about break-even point.

High-priced

Compared with this, the Scania plant in Brazil last year produced about 3,500 truck and bus chassis and 2,300 separate diesel engines. Although this represented about 11 per cent of total Scania vehicle output worldwide, it was only about 75 per cent of single-shift capacity. In the peak year, 1977, the plant produced 4,500 chassis and it is probable that the plant did not break even last year.

Owner-drivers predominate in Brazil and they just have not been able to afford new trucks, especially the high-priced Scanias.

At one stage in the early 1970s Scania thought of having a second Brazilian plant and selected a suitable site. But the idea has been shelved. The plant at San Bernardo—on which $100m has been spent—would be capable of producing 10,000 to 12,000 trucks and buses a year on a double shift basis with relatively modest expenditure ($5m to $10m) to relieve bottlenecks in the machining operations.

So the main question for Scania in Brazil is: when will the local truck market get back some growth? The other big puzzle concerns the Government's "pro-alcohol" project and how it will develop. The Government seems determined that the majority of vehicles on Brazilian roads should run eventually on pure ethanol distilled from sugar cane. But this is a far from adequate fuel for current diesel engines.

Scania, like the other diesel engine makers in Brazil, is certain it will be able to meet the Government requirements when called on to do so, probably in the mid-1980s.

It has an all-alcohol engine ready to go into a bus for trials in the Sao Paulo area this year.

Meanwhile the Brazilian plant will play an increasingly important role in Scania's overall activities, not only providing components but also exports of built-up vehicles. The main markets so far have been Uruguay, Paraguay and Chile.

And even in the early stages of its development, the new Argentinian plant has begun shipping built-up trucks for export—the first few left for Bolivia late last year.

● NEWS ANALYSIS—CHARTERHOUSE BID FOR KU

Realignment of the merchant banks

BY JOHN MOORE

Charterhouse Group's approach to Keyser Ullmann, the UK merchant bank, marks a major step by the company to increase its involvement in financial service activities at a time when its other interests are under pressure.

Charterhouse is a rather different animal from Keyser Ullmann. Bank profits, while contributing £1.39m to Charterhouse's after-tax surplus of £8.82m in 1979, have been relatively unimportant.

Charterhouse has development capital companies in the UK, U.S., Canada and France with investments in more than 100 companies. It owns an approved Lloyd's insurance broker, Glanville Enthoven. Its manufacturing interests consist of three construction product companies and various engineering concerns.

It owns distribution and service companies concerned with marketing hydraulic and lubrication components, film processing, power and hand tool distribution and electrical components. And Charterhouse Petroleum Development owns interests in North Sea oil, the main asset being a stake in the Thistle Field.

With such a range of activities performance has varied. In the last financial year manufacturing *profits fell from £6.76m to* £5.68m.

Insurance broking was sluggish and showing reduced profits, although oil exploration and development capital activities showed useful increases, as did the group's bank.

Acquiring Keyser Ullmann would help to beef up the financial activities. Keyser is a bigger bank than Charterhouse Japhet, although unlike Charterhouse, it is not a member of the influential and club-like Accepting Houses Committee.

As a bank Keyser has been trying to solve the problems it encountered in the early seventies following its involvement in the property market and the subsequent crash. It acquired a reputation as a big spender and a big lender in that era of the whizz kid.

As recently as 1971 it was a small concern with net assets of less than £5m. Two years and two major takeovers later, it had ballooned into a bank claiming net assets of £82m.

In 1974, after the disposal of its controlling interest in the largest of the acquisitions, Central and District Properties, shareholders were told by the board, chaired by Tory MP Edward du Cann, that shareholders funds exceeded £100m, *while attributable profits were* £10m.

But the palmy days were short lived. The 1975 accounts were to reveal massive losses and write-offs totalling £61m.

Further losses and provisions in the following two years took Keyser Ullmann's net assets to *a low point of £31.5m in 1977.*

Mr. du Cann resigned in March, 1975 to be replaced by Mr. Derek Wilde, a former senior general manager of Barclays. Both he and Charterhouse's chairman, Mr. Nigel Mobbs, sit on the Board of Barclays.

In its difficult times Keyser built up huge tax losses—but it does not make enough profits to exploit them properly. For some time a merger has been on Keyser's mind.

In its last balance sheet for 1979 Keyser showed net assets of £41m, and it was underlent. On the latest balance sheet analysts say it could take on a further £40m to £50m of lending, but partly because of its unhappy history, new business has been hard to come by.

In the wider context of the merchant banking sector the Charterhouse move is just one of many on a time of change. Hong Kong and Shanghai Bank has taken over Antony Gibbs; C. T. Bowring is to dispose of Singer and Friedlander after its takeover by Marsh and McLennan.

There have been bid rumours surrounding other merchant banking groups. It is a time for realignment among the merchant banks, where a number of *long-established houses have* been losing their traditional role as a result of increasing competition.

BANK RETURN

	Wednesday May 21 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14 553 000	—
Public Deposits	26,056,535	— 1,027,565
Special Deposits	218,710,000	—
Bankers Deposits	462,085,542	— 9,395,911
Reserve & other Accounts	687,006,197	+ 27,263,049
	1,410,411,574	+ 16,839,773
ASSETS		
Government Securities	866,777,125	+ 50,690,515
Advances & Other Accounts	349,513,637	+ 22,978,771
Premises Equipment & Other Secs.	180,553,977	— 49,128 280
Notes	13,322,420	— 7,685,360
Coin	264,415	— 15,673
	1,410,411,574	+ 16,839,773
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,075,000,000	+ 75,000,000
In Circulation	10,061,677,580	+ 82,685,360
In Banking Department	13,322,420	— 7,685,360
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,451,805,005	+ 412,654,078
Other Securities	1,612,179,895	— 337,654,078
	10,075,000,000	+ 75,000,000

GKN expects severe fall

TRADING results of Guest, Keen and Nettlefolds in the first half of 1980 will fall substantially short of those for the same period of last year, Mr. Trevor Holdsworth, the chairman, told yesterday's annual meeting in Birmingham.

In the four months to the end of April, the lengthy steel strike and the disruption it caused had a widespread impact on almost every part of GKN in the UK.

This impact, he added, was more signficant than that of last year's industrial action in the engineering sector. But he expressed more concern for the immediate future over the worsening market conditions for many of the group's major businesses in the UK.

This was especially true of the automotive industry, he said. Just a week ago, it was announced that around 930 jobs would be lost by the end of the year at GKN factories because of this situation.

Last year, GKN raised its pre-tax profits from £87m to £101m on turnover which increased from £1.75bn to £1.96bn. At the halfway stage in 1979, the pre-tax figure was £53.5m against £42m.

The group's first U.S. plant to manufacture constant velocity joints, used in front-wheel drive vehicles, has just been commissioned in North Carolina, and will start making deliveries in July. A second is due to start up in the summer of 1981.

Concentric advances to £1.29m

AN IMPROVEMENT of £220,000 is reported in pre-tax profits of Concentric, the engineering products and controls manufacturer, lifting the surplus for the half year to March 29, 1980 to £1.29m, compared with £1.06m.

The current trading position *is not as good overall as* the first half, says the chairman, Mr. J. G. Perks. Nevertheless, he anticipates the second-half figures will not be materially different. Total profits last year were £2.43m (£1.52m).

The interim dividend is lifted from 1.1p to 1.21p net and absorbs £228,761 (£207,964)—last year's final was 2.1p.

Turnover in the six months rose from £19.47m to £24.44m and the surplus is struck after *charging depreciation of £381,000* (£282,000).

Net profit, after tax of £514,000 (£369,000), is £771,000 (£694,000). Capital expenditure during the period amounted to £622,000 (£717,000).

Delta hit by lower demand

CLEAR signs of a substantial fall in UK demand since April, had been seen by Delta Metal although the group made a good start to the year, said Lord Caldecote, the chairman, at yesterday's annual meeting.

Thus the immediate future was too uncertain for any firm predictions about the final outcome in 1980, he added. Last year, Delta's pre-tax profits moved up by 7 per cent to £80.4m.

He said that short-term prospects for manufacturing activity were not promising in Britain, so that continuing good results from overseas this year would be even more important.

Lord Caldecote said that Delta, which now obtained a high proportion of profits from finished products in the engineering and electrical fields, was concentrating on becoming more efficient by cutting costs and improving home and foreign marketing.

Most of British industry was finding it harder to get new orders and competition was very strong for home and export business, he said.

Because of the strong pound and rising UK labour costs, Delta came under extreme difficulties in competing on price in many overseas markets, whereas imports provided strong price competition in the UK.

OTHER MEETINGS

MEMBERS at the AGM of Reckitt and Colman were told by chairman Mr. James Cleminson that the company's U.S. business had, as expected, shown improved results in the current year.

He added that action outlined in the annual report was proceeding satisfactorily. In particular, the Morton Quality Products factory and Reward Ceramics business had already been sold.

Current performance in most markets was being hampered by existing economic conditions and it remained difficult to improve profits, he stated.

The company was, however, trying hard to increase productivity and market share, in order to improve results.

At other AGMs, chairmen reported as follows:

Mr. John Crockatt — Johnson Group Cleaners: The first quarter in 1980 was buoyant and showed increased profits.

Retail dry cleaning was holding up well.

Mr. K. D. Morrison — Wm. Morrison Supermarkets: The first 15 weeks of the current year showed a 30 per cent increase in sales. Profits were not easy to earn and first-half results would, at best, be in line with those of the comparative period 12 months ago.

CURRENCIES, MONEY and GOLD

Pound steadies

…g showed little overall …in currency markets yes… after Wednesday's sharp …was made in early trading …eroded later in the day by …taking, and trading for …of the day was not too …e. On Bank of England …es, the pound's trade …eighted index eased at the …ose to 74.0 from Wednesday's five year high of 74.1. The morning calculation was higher at 74.3 but fell back at noon to 73.9.

Against the dollar, sterling opened at $2.3300 and rose steadily to a high of $2.3395 before profit taking saw the rate fall over two cents in about an hour to $2.3160. Later in the day however, it recovered, as the dollar showed a softer tendency, to trade between $2.32 and $2.3250. Late demand out of New York in rather thin trading pushed up the closing rate to $2.3285-2.3295, just 30 points down from Wednesday's close.

The dollar retained its softish undertones but looked firmer in places, suggesting some central bank intervention during the day. U.S. interest rates continued to decline with some major banks cutting prime rates to 15½ per cent, and Morgan Guaranty lowering its broker loan rate to 13½ per cent from 14½ per cent. Against the D-mark the dollar finished at DM1.7890 compared with DM 1.7880, but slipped against the French franc to FFr 4.1590 from FFr 4.1640. The U.S. unit improved slightly against the Swiss franc to SwFr 1.6635 from SwFr 1.6610 but fell against the Japanese yen to Y223.9 from Y224½. On Bank of England figures, the dollar's trade weighted index was unchanged at 84.5.

D-MARK—Showing renewed strength against the dollar and within the European Monetary System, following firmer rates in Frankfurt and lower U.S. interest rates—There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed lower at DM 1.7897 against DM 1.7926 on Wednesday. Sterling was fixed higher at DM 4.158 against DM 4.141, and the Swiss franc also showed a slight improvement to DM 1.0758 compared with DM 1.0749 previously.

ITALIAN LIRA — Erratic within the EMS and now the weakest member, having risen to the top of the system in February —The lira continued to improve against the dollar as the latter was depressed by falling U.S. interest rates. At the fixing in Milan the dollar was fixed at L840.30 down from Wednesday's level of L842.55. Within the EMS, the lira remained the weakest currency, but was safely within its maximum permitted divergence.

JAPANESE YEN—Energy and balance of payments problems reflected in sharp decline last year. Although the situation over oil supplies remains uncertain, easier U.S. interest rates have helped the yen recover—The dollar continued to lose ground against the yen in Tokyo yesterday, closing at Y224.05 compared with Wednesday's close of Y224.80 and Y224.50 at yesterday's opening. The fall came despite further support given by the Bank of Japan, estimated at up to $300m, and at one point the U.S. unit touched a seven-month low of Y223.80 with the dollar continuing to come on offer as banks adjusted for over bought dollar positions.

THE POUND SPOT AND FORWARD

May 22	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3160-2.3395	2.3285-2.3295	1.52-1.42c pm	7.57	4.07-3.97 pm	6.90
Canada	2.6900-2.7190	2.7040-2.7050	1.25-1.15c pm	5.32	3.95-3.80 pm	5.73
Nethlnd.	4.54½-4.59½	4.57½-4.58½	2½-1½c pm	5.24	6⅞-5⅞ pm	5.57
Belgium	66.40-67.00	66.75-66.85	8c pm-2 dis	0.54	28-18 pm	1.38
Denmark	12.91½-13.03½	12.94½-12.95½	1¼-3¾ore dis	−2.31	3¾-5¾ dis	−1.43
Ireland	1.1110-1.1205	1.1155-1.1165	0.05-0.02p pm	0.38	0.22-0.17 pm	0.70
W. Ger.	4.14-4.19	4.16½-4.17½	3¼-2¼pf pm	7.56	8¼-7¼ pm	7.31
Portugal	113.40-114.80	114.20-114.40	17-23c dis	−2.10	25pm-70dis	−0.79
Spain	164.20-165.35	165.20-165.30	40 pm-15 dis	0.91	par-80 dis	−0.97
Italy	1,948-1,963	1,956½-1,957½	¼-2¼lire dis	−0.77	2½-4¼ dis	−0.66
Norway	11.32-11.45	11.38½-11.39½	3¾-1⅞ore pm	2.90	11¾-9¾ pm	3.69
France	9.64-9.73	9.68-9.69	4⅝-3⅝c pm	4.65	10¼-9¼ pm	4.03
Sweden	9.75-9.82	9.79-9.80	2½-1½ore pm	2.53	5¼-4¼ pm	7.94
Japan	517-527	521-522	2.05-1.55y pm	4.14	5.40-4.95 pm	3.97
Austria	29.55-29.80	29.73-29.78	20-16gro pm	7.26	54-47 pm	6.79
Switz.	3.84½-3.89½	3.87-3.88	4-3c pm	10.84	11-10 pm	10.84

Belgian rate is for convertible francs. Financial franc 67.55-67.65. Six-month forward dollar 7.10-7.00c pm. 12-month 10.10-9.90c pm.

THE DOLLAR SPOT AND FORWARD

May 22	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3160-2.3395	2.3285-2.3295	1.52-1.42c pm	7.57	4.07-3.97 pm	6.90
Ireland†	2.0810-2.0885	2.0840-2.0850	1.45-1.35c pm	8.05	4.10-4.00 pm	7.77
Canada	1.1608-1.1646	1.1614-1.1617	0.34-0.39c dis	−3.77	0.50-0.55dis	−3.06
Nethlnd.	1.9650-1.9676	1.9650-1.9665	0.20-0.30c dis	−1.52	0.55-0.65dis	−1.21
Belgium	28.66-28.705	28.66-28.68	0.15-0.18c dis	−0.07	0.40-0.44dis	−0.06
Denmark	5.5700-5.5785	5.5700-5.5715	4.50-5.00oredis	−10.23	11.25-.75dis	−8.26
W. Ger.	1.7850-1.7930	1.7885-1.7895	0.05pf pm-0.05 dis	—	0.25-0.15 pm	0.45
Portugal	49.00-49.20	49.04-49.14	25-40c dis	−7.94	75-115 dis	−7.74
Spain	70.85-71.03	70.95-71.09	35-50c dis	−7.19	120-155 dis	−7.75
Italy	840.25-841.50	840.25-840.75	5-6lire dis	−7.85	14½-16 dis	−7.25
Norway	4.8900-4.8950	4.8910-4.8920	1.70-2.20ore dis	−4.78	3.70-4.20dis	−3.23
France	4.1590-4.1685	4.1590-4.1610	0.97-1.07c dis	−2.94	2.85-3.05dis	−2.83
Sweden	4.2045-4.2090	4.2045-4.2055	2.05-2.20ore dis	−6.06	5.45-5.60dis	−5.25
Japan	223.70-225.00	223.85-223.95	0.50-0.70yen dis	−0.03	1.45-1.65dis	−0.03
Austria	12.75½-12.78	12.77-12.78	0.10-0.80gro dis	−0.68	0.75pm-1.25d	−.07
Switz.	1.6570-1.6690	1.6630-1.6640	0.62-0.52c pm	4.12	1.92-1.82 pm	4.50

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

May 21	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.566018	0.606534
U.S. $	13	1.30688	1.40413
Canadian $	13.34	1.51480	1.62401
Austria Sch.	6¾	16.7098	17.9447
Belgian F	14	37.6055	40.3957
Danish K	13	7.31853	7.85679
D'Mark	7½	2.34271	2.51549
Guilder	10	2.57586	2.76402
French Fr.	9½	5.45328	5.85661
Lira	15	1101.05	1182.98
Yen	9	295.747	314.173
Norwgn. Kr.	9	6.42801	6.89145
Spanish Pts.	8	92.9845	99.9738
Swedish Kr.	10	5.50562	5.91446
Swiss Fr.	3	2.17661	2.33857

CURRENCY MOVEMENTS

May 21	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.0	−31.7
U.S. dollar	84.5	−9.0
Canadian dollar	81.1	−15.7
Austrian schilling	155.0	+24.0
Belgian franc	115.4	+13.9
Danish kroner	105.6	−4.7
Deutsche mark	154.4	+44.3
Swiss franc	195.7	+78.4
Guilder	125.1	+19.3
French franc	101.0	−5.8
Lira	53.4	−50.9
Yen	127.0	+25.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

May 22	£	$		£ Note Rates
Argentina Peso	4186-4206	1806-1813	Austria	29.50-29.80
Australia Dollar	2.0430-2.0470	0.8790-0.8795	Belgium	67.30-67.95
Brazil Cruzeiro	115.70-116.70	49.935-50.135	Denmark	12.89-12.96
Finland Markka	8.53-8.54	3.6745-3.6765	France	9.60-9.70
Greek Drachma	99.749-102.989	42.75-42.95	Germany	4.1350-4.1650
Hong Kong Dollar	11.43-11.45	4.9220-4.9270	Italy	1915-1978
Iran Rial	n/a	n/a	Japan	523-528
Kuwait Dinar(KD)	0.622-0.632	0.2691-0.2693	Netherlands	4.53-4.58
Luxembourg Frc.	66.75-66.85	28.66-28.68	Norway	11.30-11.37
Malaysia Dollar	5.0370-5.0490	2.1670-2.1690	Portugal	109-113.50
New Zealand Dlr.	2.3640-2.3690	1.0170-1.0180	Spain	160.25-167.25
Saudi Arab. Riyal	7.71-7.81	3.3270-3.3290	Sweden	9.74-9.79
Singapore Dollar	4.9800-4.9920	2.1430-2.1450	Switzerland	3.85-3.88
Sth. African Rand	1.8315-1.8330	0.7865-0.7870	United States	2.3220-2.3320
U.A.E. Dirham	8.63-8.73	3.7200-3.7230	Yugoslavia	47.25-49.50

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3648	+1.45	+0.57	±1.53
Danish Krone	7.72336	7.83353	+1.43	+0.55	±1.64
German D-Mark	2.48208	2.51808	+1.45	+0.57	±1.125
French Franc	5.84700	5.85684	+0.17	−0.71	±1.3557
Dutch Guilder	2.74362	2.76610	+0.82	−0.06	±1.512
Irish Punt	0.668201	0.675007	+1.02	+0.14	±1.668
Italian Lira	1157.79	1182.00	+2.09	+1.72	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.40-9.50 per cent; three-months 9.55-9.65 per cent; six-months 9.60-9.70 per cent; one year 9.60-9.70 per cent.

May 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17-17¼	8⅜-8⅝	11-11¼	11-11¼	3¼-3½	9¼-9⅜	12⅝-12⅞	14-16	—	12½-13
7 days' notice	16¾-17	8½-8¾	11-13	11-11¼	3½-3¾	9¼-9⅜	12⅝-12⅞	17-22	8¾-9	12⅞-13½
Month	17¼-17½	9⅝-9⅞	12¼-12⅝	11⅛-11⅜	6½-7	9⅞-9⅝	12[illegible]-12[illegible]	17½-18½	10[illegible]-10[illegible]	12¾-12⅞
Three months	17¼-17½	9[illegible]-10[illegible]	11⅝-12	11⅛-11⅜	6-6⅛	9[illegible]-9[illegible]	12⅞-13⅛	17¼-18¼	10¼-10⅜	11[illegible]-11[illegible]
Six months	16¼-16½	10-10¼	10¾-11⅛	10⅞-11⅛	5¾-5⅞	9⅜-9[illegible]	13-13¼	16-17	10⅜-10½	11[illegible]-11[illegible]
One year	15⅞-15¼	10-10¼	10½-10⅞	10¾-11	5⅝-5¾	8[illegible]-8⅞	13[illegible]-13[illegible]	16½-17½	10[illegible]-10[illegible]	10¾-11

Long-term Eurodollar two years 10½-10¾ per cent; three years 10⅝-10⅞ per cent; four years 10⅝-10⅞ per cent; five years 10⅝-10⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

May 22	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.329	4.170	521.5	9.685	3.875	4.580	1957	2.705	66.80
U.S. Dollar	0.429	1.	1.790	223.9	4.158	1.664	1.967	840.3	1.161	28.68
Deutschemark	0.240	0.559	1.	125.1	2.323	0.929	1.098	469.3	0.649	16.02
Japanese Yen 1,000	1.918	4.466	7.996	1000.	18.57	7.430	8.782	3753.	5.186	128.1
French Franc 10	1.033	2.405	4.306	538.5	10.	4.001	4.729	2021.	2.792	68.97
Swiss Franc	0.258	0.601	1.076	134.6	2.499	1.	1.182	505.0	0.698	17.24
Dutch Guilder	0.218	0.509	0.910	113.9	2.115	0.846	1.	427.3	0.591	14.59
Italian Lira 1,000	0.511	1.190	2.131	266.5	4.949	1.980	2.340	1000.	1.382	34.13
Canadian Dollar	0.370	0.861	1.542	192.8	3.581	1.433	1.693	723.6	1.	24.70
Belgian Franc 100	1.497	3.487	6.243	780.7	14.50	5.801	6.856	2930.	4.049	100.

INTERNATIONAL MONEY MARKET

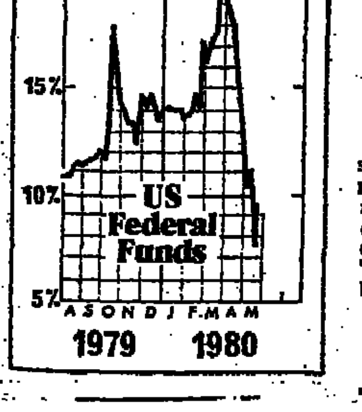
U.S. rates ease

U.S. interest rates continued to decline in early New York trading yesterday as major banks started to cut their prime rates to 15½ per cent. The move was started by Chase Manhattan Bank and quickly followed by Bankers Trust. Yesterday's trend was supported by indications that the Federal Reserve Bank had reduced its lower intervention limit on Federal funds. Treasury bills were quoted at 7.80 per cent for 13-weeks compared with 7.86 per cent at the opening and 8.06 per cent on Wednesday, while 26-week bills eased to 8.11 per cent from 8.15 per cent and 8.29 per cent respectively. Federal funds were trading at 9½ per cent, and the market was waiting to see at what level the Fed would intervene if rates eased. On Wednesday the authorities intervened when funds had dropped to 9¼ per cent.

In Amsterdam yesterday's tender of five-year Treasury bills attracted bids totalling Fl 783.5m at a rate of 10½ per cent and all bids were accepted in full. Payment will be due today and brings the total proceeds in bill sales this year to Fl 2.19bn.

In Paris call money remained at 12¾ per cent down from its two-month peak of 13 per cent touched on Monday and Tuesday. Short term money rates have eased slightly since then, reflecting the authorities injection of some FFr 12bn into the market over the past week in the form of first category paper purchases.

In Frankfurt call money continued to show an easier tendency, falling to 9.50 per cent from 9.55 per cent previously, and now stands at its lowest level for three weeks. Longer term rates were mostly unchanged.



GOLD

Weaker trend

Gold recovered from its lowest point of the day in the London bullion market yesterday, but finished $12 an ounce lower than Wednesday's close at $500-504. After opening at $506-510, the metal dipped briefly below the $500 level, but demand at this level soon pushed it back over $500 to an afternoon fixing of $501. Gold appeared to be affected by the sharp drop in silver prices and some unwinding of long positions.

In Paris the 12½ gilo bar was fixed at $537.85 per ounce in the morning and $536.72 in the afternoon.

In Frankfurt gold closed at $500-503 per ounce compared with $512-515 previously.

In Zurich the metal finished at $501-505 against $511.515 previously.

	May 22		May 20	
Gold Bullion (fine ounce)				
Close	$500-504	(£214¼-216¼)	$505-509	(£220½-222½)
Opening	$506-510	(£216¾-218¾)	$508-512	(£222-224)
Morning fixing	$507.50	(£218.327)	$509.80	(£222.815)
Afternoon fixing	$501	(£215.577)	$507.75	(£221.822)
Gold Coins				
Krugerrand	$517-520	(£222½-224½)	$525-528	(£229-231)
Mapleleaf	$507-517	(£218-223)	$520-525	(£227-229½)
New Sovereigns	$128½-129½	(£55¼-56¼)	$130¼-131½	(£57-57¾)
King Sovs	$152-155	(£65-67)	$155-159	(£67½-70)
Victoria Sovs	$155-156	(£65½-67½)	$156-160	(£68-70½)
French 20s	$136-141		$137-142	
50 pesos Mexico	$625-632		$630-637	
100 Cor. Austria	$495-505		$498-504	
$20 Eagles	$627-632		$630-634	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Further help

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day to day credit was again in short supply in the London money market yesterday, and the authorities gave assistance on an exceptionally large scale. This comprised small purchases of Treasury bills and local authority bills and exceptionally large loans to 10 or 11 houses at MLR for repayment today. The market was faced with a small net take up of Treasury bills to finance and the repayment of Wednesday's small market advances. In addition banks brought forward balances some way below target and there was a number of local authority bills maturing in official hands. On the other side, Government disbursements exceeded revenue transfers to the Exchequer by a small amount.

Discount houses were paying up to 17 per cent for secured call loans at the start but later balances were taken between 15 per cent and 16 per cent.

In the interbank market, overnight loans opened at 16¾-17 per cent and rose steadily to 18-18½ per cent around noon. During the afternoon rates fell away to 12-13 per cent but came back to finish at 15-16 per cent.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK	
Prime Rate	15½-16½
Fed Funds	9¼-9¾
Treasury Bills (13-week)	7.80
Treasury Bills (26-week)	8.11
GERMANY	
Discount Rate	7.5
Overnight Rate	9.50
One month	10.075
Three months	10.20
Six months	9.90
FRANCE	
Discount Rate	9.5
Overnight Rate	12.75
One month	12.6875
Three months	12.6875
Six months	12.6875
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.625
Bills Discount (three-month)	13.375

LONDON MONEY RATES

May 22 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Over night	—	12-18¼	—	—	—	17¼-17⅜	15-17	—	—	—
2 days notice	—	—	17¼-17½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17¼-17½	17⅜-17½	—	17⅝	17⅝-17¾	16¾-16⅞	—	—	—
One month	17[illegible]-17[illegible]	17¼-17⅛	17¼-17⅜	18¼-18	17[illegible]	17½	16¾	15[illegible]	17[illegible]	17¾
Two months	17[illegible]-17[illegible]	17[illegible]-17[illegible]	—	17¾-17[illegible]	17[illegible]	—	16⅝	16[illegible]	16[illegible]	17⅜
Three months	17[illegible]-16[illegible]	17[illegible]-17[illegible]	17-17¼	17½-17	17[illegible]	17½	16[illegible]	16⅛	16½	16⅞
Six months	16¼-16⅛	16[illegible]-16[illegible]	16	16⅜-15⅞	16[illegible]	—	—	—	15⅛	15⅝
Nine months	15⅝-15¼	15½-15⅝	—	16¼-15⅞	15[illegible]	—	—	—	—	—
One Year	14[illegible]-14[illegible]	15[illegible]-15[illegible]	15¼-15⅛	16⅜-15⅜	15[illegible]	—	—	—	—	—
Two years	—	—	15⅛-15¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 14⅞-15⅛ per cent; four years 14⅞-15 per cent; five years 14⅝-14⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅞ per cent; four month trade bills 16⅞ per cent.

Approximate selling rates for one-month Treasury bills 15[illegible] per cent; two months 16 per cent; three-months 16[illegible] per cent. Approximate selling rates for one-month bank bills 17¼ per cent; two-months 16[illegible] per cent; three-months 1[illegible] per cent; one-month trade bills 17½ per cent; two-months 17⅛ per cent; and three-months 16⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from May 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1427 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 21, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.3581
Algeria	Dinar	3.8328
Andorra	French Franc	4.1697
	Spanish Peseta	71.12
Angola	Kwanza	27.687
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1795.00
Australia	Australian $	0.8838
Austria	Schilling	12.775
Azores	Portug. Escudo	49.22
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	71.12
Bangladesh	Taka	15.3469
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.727
	B. Franc (F)	29.27
Belize	Belize $	2.00
Benin	C.F.A. Franc	208.485
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.9491
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.775
Brazil	Cruzeiro	50.00
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.166
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Repub'c	C.F.A. Franc	208.485
Canada	Canadian $	1.1598
Canary Islands	Spanish Peseta	71.12
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Emp.	C.F.A. Franc	208.485
Chad	C.F.A. Franc	208.485
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	46.48
Comoros Islands	C.F.A. Franc	208.485
Congo (Brazzaville)	C.F.A. Franc	208.485
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.6292
Cyprus	Cyprus Pound	0.3529
Czechoslovakia	Koruna (O)	5.50
Dem.Rep. S'oTome & Principe	S. Tome Dobra	34.5844
Denmark	Danish Krone	5.5837
Djibouti, Rp. of	Djibouti Franc	174.757
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'on Peso	1.00
Ecuador	Sucre	28.10
Egypt	Pound (3)	0.6938
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	71.112
Ethiopia	Birr (O)	2.0685
Faroe Islands	Danish Krone	5.5837
Falkland Islands	Falkland Is. £ *	2.3175
Fiji Islands	Fiji $	0.8145
Finland	Markka	3.693
France	French Franc	4.1697
French C'ty in Af.	C.F.A. Franc	208.485
French Guiana	Local Franc	4.1697
French Pacific Is.	C.F.P. Franc	75.7281
Gabon	C.F.A. Franc	208.485
Gambia	Dalasi	1.726
Germany (East)	Ostmark (O)	1.7905
Germany (West)	Deutschemark	1.7905
Ghana	Cedi	2.75
Gibraltar	Pound *	2.3175
Gilbert Is.	Aust. $	0.8838
Greece	Drachma	42.85
Greenland	Danish Krone	5.5837
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.1697
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.5998
Guinea Republic	Syli	18.8505
Guyana	Guyanese $	2.5126
Haiti	Gourde	5.00
Honduras Repub	Lempira	2.00
Hong Kong	H.K. $	4.88
Hungary	Forint (O)	32.6022
Iceland	I. Krona	429.70
India	Ind. Rupee	7.9491
Indonesia	Rupiah	625.00
Iran	Rial	71.50
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt *	2.0857
Israel	Israeli Pound (4)	44.99
Italy	Lira	842.55
Ivory Coast	C.F.A. Franc	208.485
Jamaica	Jamaican Dollar	1.7855
Japan	Yen	224.07
Jordan	Jordan Dinar	0.2976
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3767
Korea (Nth)	Won	0.94
Korea (Sth)	Won	583.00
Kuwait	Kuwait Dinar	0.2704
Lao P'ple D. Rep	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.4255
Lesotho	Loti	0.7911
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.663
Luxembourg	Lux Franc	28.727
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	208.485
Madeira	Portugese Escudo	49.22
Malawi	Kwacha	0.8125
Malaysia	Ringgit	2.208
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	416.97
Malta	Maltese Pound	0.3413
Martinique	Local Franc	4.1697
Mauritania	Ouguiya	41.697
Mauritius	M. Rupee	7.6363
Mexico	Mexican Peso	22.84
Miquelon	French Franc	4.1697
Monaco	French Franc	4.1697
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.8702
Mozambique	Moz. Escudo	28.1122
Namibia	Rand	0.7911
Nauru Is.	Aust. $	0.8838
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.968
Netherland Antilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.8838
	FNH	67.3837
New Zealand	NZ $	1.0241
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	208.485
Nigeria	Naira (O)	0.5803
Norway	Norwg. Krone	4.90
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N. Guinea	Kina	0.68
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	270.23
Philippines	Ph. Peso	7.5035
Pitcairn Islands	NZ $	1.0241
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	49.22
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.1697
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Sterling *	2.3175
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.1697
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	842.55
Saudi Arabia	Saudi Riyal	3.3303
Senegal	C. F. A. Franc	208.485
Seychelles	S. Rupee	5.7591
Sierra Leone	Leone	0.853
Singapore	Singapore $	2.1615
Solomon Islands	S.I. $	0.8838
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7911
Spain	Peseta	71.12
Spanish ports in North Africa	Sp. Peseta	71.12
Sri Lanka	S. L. Rupee	15.50
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7911
Sweden	S. Krona	4.212
Switzerland	Swiss Franc	1.663
Syria	Syria Pound	3.9262
Taiwan	New Taiwan $ (O)	36.00
Tanzania	Tan. Shilling	8.2893
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	208.485
Tonga Islands	Pa'anga	0.8838
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.4131
Turkey	Lira	74.43
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8838
Uganda	Ug. Shilling	7.3767
United Arab Emir.	UAE Dirham	3.7225
United Kingdom	£ Sterling *	2.3175
Upper Volta	C.F.A. Franc	208.485
Uruguay	Urug. Peso (m)	8.81
U.S.S.R.	Rouble	0.652
Vatican	Italian Lira	842.55
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9174
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	20.9635
Zaire Republic	Zaire Zaire	1.9975
Zambia	Kwacha	0.7822
Zimbabwe	Zim $	0.6935

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.

NORTH AMERICAN NEWS

Thomson Newspapers lifts dividend

BY OUR FINANCIAL STAFF

INCREASED PROFITS for the first quarter and a bigger dividend are announced by Thomson Newspapers, the North American newspaper publishing group of the Thomson family. The profits include results for February and March from FP Publications. At the beginning of the year, Thomson won control of FP Publications, whose cornerstone is the Toronto Globe and Mail, Canada's leading daily newspaper.

The first quarter has brought Thomson net profits of C$13.7m or 27.5 cents, compared with C$11.6m or 23.3 cents a year ago. Sales have jumped from C$77m to C$112.8m.

Thomson is one of the major newspaper holding companies in North America but did not own any leading daily papers prior to its $128m acquiistion of FP Publications.

The acquisition of FP Publications brought Thomson not only the Toronto Globe and Mail but also eight other major newspapers in Canada, including the Vancouver Sun, and the Winnipeg Free Press.

Having bought control of FP Publications in January, Thomson recently increased its stake to about 76 per cent of the voting shares, and the whole of the equity shares.

Thomson Newspapers has raised its Class A quarterly dividend to 16 cents a share from 13¾ cents.

A dividend of 16 cents will be paid on the Class B shares in the form of either Class B shares or in immediately redeemable Class C shares.

● Brascan, the major Toronto holding company with subsidiaries in resources, financial services and consumer products, has reported net earnings of C$19.6m, or 72 cents a share, for the first quarter of 1979, Robert Gibbens writes in Montreal. This compares with C$2.4m, or 6 cents a share, a year earlier and came on revenues of C$36.7m, against C$23.1m.

Mr. J. Trevor Eyton, the president, told the Toronto annual meeting that Brascan intended to keep its 12.7 per cent interest in the big resource company, Noranda Mines, acquired last year, and said that the holding was regarded as a "building block on which we can increase our percentage interest over time for the right price."

● Trizec, Canada's second largest quoted property company—in which Peter and Edward Bronfman have voting control, has signed a definitive agreement with Ernest W. Hahn for the $270m takeover of the U.S. group.

As previously announced, under the agreement a U.S. subsidiary of Trizec will acquire 49 per cent of the shares in Hahn from principal shareholders and will then pay $54.42 a share for the remainder of the stock.

● Bank of British Columbia, of Vancouver, reports first half earnings after tax of C$3.8m against C$3m, on revenues of C$144m compared with C$99m a year ago. Assets at April 30 were C$2.09bn against C$1.84bn, our Montreal Correspondent writes.

The bank said that, since interest rates had begun declining around the end of the second quarter, interest spreads are now improving. However, the high rates and the slowdown in business contributed to slower asset growth in the first half and the trend is expected to continue for the rest of the year.

The bank operates mainly in British Columbia, and is one of Canada's youngest. Its growth has been one of the fastest in recent years.

● Petrofina Canada earned C$16.4m or C$1.62 a share in first quarter, aginst C$13.5m or C$1.35 a year earlier, on revenues of C$228m compared with C$179m previously. Profits were adversely affected by a strike at the group's Montreal refinery and a shutdown at the Syncrude Canada plant in Alberta, in which Petrofina has a 5 per cent stake, writes Robert Gibbens. This was offset by higher margins on refined products and petrochemicals and higher crude oil and natural gas prices.

Occidental and Shell forecast growth

By Our Financial Staff

INCREASED SALES and profits are forecast by two leading U.S. oil groups — Occidental Petroleum and Shell Oil.

Mr. Armand Hammer, the chairman of Occidental, told the annual meeting this week that net earnings for 1980 should top the 1979 record figure of $561.6m, or $7.30 a share, and that sales should exceed the $9.55bn total of the previous year.

Mr. John F. Bookout, the president of Shell Oil, told analysts in Houston that although there were problems and uncertainties about 1980 earnings "it does seem quite possible that we will again meet our long-term goal for earnings per share — annual increases of 5 per cent per year adjusted for inflation."

Arabs near victory in bid for Financial General

BY DAVID LASCELLES IN NEW YORK

A GROUP of Arab investors appears to have won its long-running battle for control of Financial General Bankshares (EGB), the Washington-based bank with businesses in states adjacent to the capital.

Financial General's board announced on Wednesday that it had dropped its bitter opposition to the Arabs' bid, and found their offer of $28.50 a share "adequate." The two parties will now try to execute a definitive agreement by June 30.

Should the deal go through, it will bring to an end one of the more bizarre takeover attempts seen in the U.S. banking world. The Arabs first approached Financial General more than two years ago, on the advice of Mr Bert Lance, President Jimmy Carter's former budget director, and bought about 19 per cent of the company. The Arabs were also linked with Bank of Credit and Commerce International, the London-based bank that handles Middle East money.

The bank responded by charging the Arabs wit hviolating U.S. securities laws, and, after a long legal wrangle, the Arabs were given a deadline by the SEC to make a formal bid for the bank, or dispose of their shares. That deadline later had to be extended to July 31 this year.

The Arabs persisted in their attempts to take over FGB and anly two weeks ago suffered a rebuff when shareholders voted down their proposals for a tender offer. However, the Arabs lost by only 46 to 53 per cent, and the closeness of the result apparently nudged FGB into considering a deal.

The Arabs first bought into the bank for $15 a share. Their first tender offer was for $20, later raised to $25. This week's deal provides for an increase in the $28.50 offer if it is delayed beyond November 30.

The deal puts a value of $148m on FGB, which has assets of about $2.5bn.

U.S. retailers feel the pinch

BY OUR FINANCIAL STAFF

THE weakening of U.S. consumer spending continues to be reflected in quarterly results of retailers. Federated Stores, which includes Bloomingdale's of New York, reported net profits of $26.5m or 54 cents a share in the first quarter ended April 30, down 5 per cent from $28m or 57 cents a year earlier.

Revenues rose 9 per cent to $1.32bn but since Easter consumers have "clearly demonstrated" their resistance to buying general merchandise, the company said.

Credit sales as a percentage of total sales fell significantly in March and April because of the Federal Reserve Board's credit restraint programme.

Dayton Hudson, which operates 660 stores in 44 states, suffered its first quarterly drop in profit since 1974 in the three months ending May 3.

Net profit of $13.2m or 55 cents a share was down 8.3 per cents from $14.4m or 61 cents a year earlier. Revenues rose 15.2 per cent to $756.6m from $656.8m.

May Department Stores also blamed credit curbs and the economic slowdown for its slight profit fall in the quarter ending May 3. Net profit was $12.4m or 43 cents a share against $12.6m or 44 cents.

May's sales rose to $646.6m from $605.7m. The company said the Fed's credit curbs were misunderstood by consumers who had cut their credit purchases.

But the downturn has also hit some stores which rely on cash sales. Petrie Stores, owner of a chain of women's specialty clothing shops, expects profit for the three months ended April 30 to be 69 cents a share against 75 cents a year earlier.

Allied Stores, one of the largest department store groups, reported first quarter net earnings of $7.72m or 38 cents a share, compared with $12.37m or 61 cents a share for the same period last year. Sales were $471m against $461m.

M/C 27 8 on 8½

Mr. Thomas M. Macioce, president and chief executive, said the disappointing performance was primarily attributable to lower sales than had been planned. The results were also adversely affected by a general softening of retail sales.

Federal assistance for mid-western railways

TWO MID-WESTERN U.S. railway companies are to receive $44.5m in Federal assistance through two agreements, the Department of Transportation announced yesterday.

The Milwaukee, St. Paul and Pacific Railroad is to receive a $19.3m loan guarantee from the Federal Railroad Administration for epairs to 921 freight cars and 35 locomotives. The administration will also guarantee a $25.2m loan for the Chicago and North Western Railroad for the repair of 2,389 freight cars.

The department said the Milwaukee loan guarantee would help that railroad reduce its shortage of freight cars, particularly for the transport of paper products. The loan to North Western would repair a variety of cars to meet its needs in the potentially high profit markets such as coal and grain.

● Penn Central Corporation, the rump of the former railroad group which was declared bankrupt in 1976, will pay no federal income taxes in 1980, and more than $600m of carry forward tax credits have been identified for possible use from 1981 to 1985, Mr. Richard Dicker, the chairman, told the annual meeting.

He also said that it was possible that "hundreds of millions more dollars will become available to offset future income for tax purposes" as a result of certain recomputations and other adjustments.

More than $1bn of expired tax credits could be revived to offset certain future income, such as interest which may accrue on Government guaranteed obligations the group may receive as compensation for rail properties transferred to the Federal Conrail group after the 1976 collapse.

Penn Central now operates as an oil and natural gas transportation, storage and refining group, a real estate developer and amusement park operator.

INTERNATIONAL BONDS

Dollar issues advance on demand from the U.S.

BY PETER MONTAGNON

DOLLAR Eurobonds rose about ¼ a point on average yesterday as short-term Eurodeposit rates weakened further. Three months Eurodollars fell to 10$\frac{7}{16}$ per cent from 10¾ per cent yesterday, while new prime rate cuts were announced.

There is still a large degree of caution in Europe, however, over the interest rate developments. U.S. rates are thought in many quarters to have come down too far too fast, and their decline has in any case made the dollar look somewhat fragile on the exchange markets.

The result has been that demand for Eurodollars has been from the U.S. itself, rather than from international investors who have to take currency considerations into account. The Eurobond market has move up more slowly than the U.S. domestic market, which makes some issues look cheap from the other side of the Atlantic.

For example, the yield on the latest Anheuser-Busch issue yesterday was about 11.55 per cent, while a comparable U.S. domestic issue, Boise Cascade 10.45 per cent bonds due 1990, yielded only 11.17 per cent.

At the same time the cost of carrying bonds is now clearly positive again. Some dealers believe that this has led to an overhang of dealer inventories which would make the market vulnerable to a reaction.

In the Yankee market terms have now been set for the $125m issue by CNT. The ten-year bonds have a coupon of 11¾ per cent and an issue price of 99¾.

Convertible bond trading was featured by a marked rise in the $15m Dynalectron issue which rose about 9½ points to 108 in late trading. This reflected the advance of the share price in New York after the company said a subsidiary successfully demonstrated a new technique for refining shale oil into synthetic jet fuel.

DM foreign bond prices were little changed in quiet trading. Dresdner Bank postponed the issue scheduled for yesterday of a DM 100m bond for an unspecified borrower.

Swiss franc foreign bonds were ¼ per cent higher. FGH Hypotheek Bank of Holland is to float a SwFr 50m, ten-year bond. Terms will be set by manager Banque Gutzwiller, Kurz Bungener on Tuesday.

Chrysler to float $500m of notes

DETROIT — Chrysler Corporation will market in the near future a public offering of $500m of government guaranteed notes due June 1, 1990.

The company said managers of the issue's underwriting group are Salomon Brothers, Merrill Lynch, White Weld Capital Markets group, First Boston, and E. F. Hutton. The notes will be issued in fully registered form in denominations of $5,000.

AP-DJ

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on May 22

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	91¼	91¾	+0⅛	+0¼	11.56
Australian Res. 9⅝ 84	30	94¼	94⅞	+0¼	+0¼	11.28
Beneficial Fin. 9½ 87	100	90⅛	90⅞	+0⅛	+0⅛	11.75
CECA Grad. Rate 12 86	100	96⅜	96⅝	+0⅛	+1⅞	12.81
CECA 11⅝ 90	50	97¼	98¼	0	+0¼	12.00
Canadian Pacific 9¾ 89	50	91⅛	91⅝	+0⅜	+0⅛	11.33
Carter Hawley 9¾ 86	50	90⅞	91⅜	+0⅜	+1⅛	11.86
Continental Grp. 9⅝ 86	100	91¼	91¾	+0½	+0½	11.63
Dome Petroleum 10 94	54	83⅜	83⅞	+0½	−0⅛	12.51
Dome Petroleum 10 94	50	100⅜	100⅞	+0½	+0⅛	13.38
Dominion Bridge 10¼ 84	30	94⅜	94⅞	+1½	+1⅛	11.99
EIB 11⅛ 92	80	97⅝	98⅛	+0⅛	+1⅛	12.07
EIB 13¾ 90	100	106⅝	107⅛	+0⅛	+0⅛	12.50
Ekportin 11¼ 87	50	98⅜	98⅝	+0⅛	+0⅛	11.58
Export Dv. Cpn. 9¾ 84	150	95⅛	95⅝	+0⅛	+0½	11.14
Export Dv. Cpn. 12¼ 87	100	104½	105	+0⅛	0	11.71
Federal Dev. Bk. 12⅛ 85	75	102⅛	102⅝	+0⅛	+1	11.59
Finland 9⅝ 89	100	†87½	88	0	−0⅛	12.21
George Weston 13½ 87	30	99⅛	99⅝	+1⅛	+1	13.61
GTE Finance 9¾ 89	55	86⅛	86⅝	+0½	0	12.31
GMAC 9⅝ 89	100	91⅛	91⅝	+0⅛	+0⅛	11.28
GMAC O/S Fin. 11 84	100	98⅝	99⅛	+0¼	+1⅛	11.25
GMAC O/S Fin. 13⅛ 85	100	104⅝	105⅛	+0⅛	0	11.98
Kennecott Int. 9½ 86	100	85⅜	85⅞	+1⅛	+0⅞	13.11
McGraw 13½ 85	75	98⅜	98⅞	+0⅛	+0⅛	13.89
Michelin 10 94	125	87¼	87¾	+0½	−0⅛	11.84
Nat. Des. Telecm. 9½ 86	100	92⅜	92⅞	+0⅛	+0⅛	11.23
New Brunswick 9¾ 94	75	85⅜	86⅛	+0⅛	+0⅛	11.87
Newfoundland 10 94	50	89¼	89⅝	+0⅛	−0⅛	11.56
Norway 9½ 84	150	95⅛	95⅝	+0⅛	+0⅛	10.96
Nova Scotia Pwr. 9¾ 89	50	89⅞	90⅛	0	+0⅛	11.57
Pennwalt O/S F. 9¾ 84	25	92¾	93¼	+0⅛	+0½	12.04
Pepsico Cap. 9¼ 84	100	95½	96	+0⅛	+0½	10.65
Quebec Hydro 10 99	75	83⅛	83⅝	+0⅛	+1⅛	12.30
Sears Roebuck 9 82	150	97¼	97¾	+0½	+0⅛	10.68
SNCF 12⅛ 85	50	103	103½	+0⅛	+0⅛	11.48
Statoil 9⅝ 89	100	90	90½	+0⅛	+0⅛	11.37
Swed. Ex. Cred. 12½ 85	40	101⅜	101⅞	+0⅛	+0⅛	12.03
Sweden 9¾ 89	100	90½	91	+0⅛	+0⅛	11.45
Sweden 9¾ 84	100	95½	96	+0⅛	+0½	11.03
Unilever NV 9¾ 87	100	90⅝	91⅛	+0⅛	−0⅛	11.16
Warner-Lambert 9 84	100	93⅞	94⅜	+0¼	+0⅞	10.83
Average price changes... On day +0½ on week +0½						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 90	200	108	108½	0	+0⅛	8.70
Australia 8½ 90	250	99⅝	100⅛	+0⅛	+0⅛	8.12
BFCE 7¾ 87	100	98	99	0	+0⅞	8.04
BFCE 8¼ 95	100	96⅝	97⅛	0	+0½	8.48
Brazil 8 87	150	91½	91⅞	+0⅛	0	9.68
CECA 7 91	150	91⅜	92⅛	−0⅛	−0½	8.17
Council of Eur. 7¼ 89	100	93½	93⅞	−0⅛	+0⅛	8.31
Denmark 7½ 86	100	96⅝	97⅛	+0⅛	+0⅞	8.58
Denmark 8¼ 92	100	97½	98½	0	−0½	8.52
EEC 7⅞ 94	225	95⅞	96⅜	+0¼	−0⅛	8.32
EIB 7½ 89	200	94	94½	0	+0⅛	8.41
Finland Rep. of 8 86	150	96½	97¼	−0⅛	−0⅛	8.63
Kobe, City of 7¾ 89	150	93⅝	94⅛	0	+0½	8.05
Neder. Gasunie 8 86	100	99⅞	100⅜	+0¼	+0¼	7.93
New Zealand 7⅝ 87	200	95⅜	95⅞	+0¼	−0½	7.95
Norway 7½ 85	250	98¼	99	+0⅛	−0⅛	7.85
OKB 7¾ 89	100	93⅝	94⅛	+0⅛	+1⅛	8.31
Oslo, City of 8¾ 90	80	100⅛	100⅞	−0⅛	−0⅛	8.66
Sweden 9¾ 87	200	105⅝	106	+0⅞	+0¼	8.62
World Bank 7¾ 91	400	94⅝	95½	−0⅛	0	8.46
World Bank 7⅞ 90	250	96⅛	96⅞	−0⅛	+0¼	8.41
World Bank 10 86	150	107⅞	108⅜	0	+0¼	8.19
World Bank 10 90	200	108⅝	109⅛	0	+0⅞	8.61
Average price changes... On day 0 on week +0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	90⅞	91⅜	+0½	−4⅞	6.92
Aumar 5 89	80	93	93½	−0¼	−0½	5.98
Australia 3⅝ 89	250	90	90½	+0⅛	+0⅛	5.01
Bergen, City of 4¾ 91	40	90½	91	−1	−1⅛	5.90
BNDE 5 89	75	†86½	87	−0¼	−0½	7.00
BMW Overseas 4¾ 91	100	91¼	91¾	+0¼	+0⅛	5.26
Buhrm'n-Tetterode 7 90	40	104¼	104¾	0	0	6.39
Caisse Nat. Tele. 4¾ 89	100	92¼	92¾	+0¼	+0¼	5.43
CCCE 5¾ 90	100	100⅝	100⅞	−0⅛	−0¼	5.64
Copenhagen 4½ 91	60	87¾	87⅞	+0¼	+0⅛	6.02
Council of Eur. 5 89	100	93	93¼	+1⅛	−0⅞	5.96
EIB 4½ 91	100	†91½	92	+0⅛	+1	5.51
EIB 4⅝ 94	100	86	86½	−0⅛	+0½	5.82
Elet. de France 4⅛ 89	100	92½	92⅝	0	−0⅝	5.45
GZB 4¾ 89	100	†88⅜	88¾	+0⅛	−0⅛	5.87
Hild 4½ 91	35	†93	94	0	+0½	5.01
Int.-Amer. Dev. 4½ 89	100	†89⅜	89¾	+0⅛	0	6.01
Int.-Amer. Dev. 7 90	80	105⅛	105⅝	+0⅛	+0⅛	6.26
Jutland Tele. 5½ 90	50	100½	101	+0⅛	0	5.40
Malaysia 5 89	80	87⅝	88⅛	+0⅛	−0⅛	6.76
Nippon Tel. & T. 4¾ 89	100	92¼	92¾	+0⅛	−0⅛	5.30
Nordic Bank 5 89	45	97	97½	−0⅛	+1	5.38
Norges Komm. 4¾ 91	100	89	89½	+1¼	+0⅛	5.68
OKB 4⅝ 91	100	88½	89	+0½	+0⅛	5.75
OKB 6 90	100	103	103¼	−0⅛	−0⅛	5.58
Oslo, City of 4⅞ 91	100	86⅞	87⅛	0	−0¼	5.98
Shikoku El. Pwr. 4¾ 89	100	93¼	93¾	+0⅛	−0⅛	5.67
Steweag 4¾ 91	60	92¾	93¼	−0⅛	−0⅛	5.55
Voest-Alpine 4¾ 89	90	93¼	94	+0⅛	0	5.67
World Bank 4⅝ 89	100	92⅝	93⅛	+0⅛	−0⅛	5.63
World Bank 4⅝ 89	150	90⅝	91	−0⅛	−0⅞	5.86
World Bank 4¾ 91	100	†91½	92	0	−0⅛	5.62
Average price changes .. On day +0⅛ on week −0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	90⅝	91⅛	+0⅛	+0⅛	8.74
Australia 6½ 88	20	85	86	−0½	0	9.17
EIB 7¾ 89	12	91½	92¼	0	−0½	8.99
Finland 5.6 83	10	90¼	91⅛	+0⅛	+0⅛	8.84
Finland 6.8 88	10	85	86	−0½	−0⅛	9.50
Average price changes .. On day 0 on week −0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	93⅞	94½	+0⅞	+0¼	12.12
CIBC 13½ 85 C$	50	102⅞	103⅛	+0⅞	+0¼	12.61
Cr. Foncier 10⅜ 84 C$	30	90	91	+0¼	0	13.37
Fst. Can. Inv. 10 84 C$	50	93⅜	93⅝	+0½	+0⅞	12.19
Hudson Bay 10½ 89 C$	60	90	90½	+0⅛	−0⅛	12.36
Quebec 10¼ 86 C$	50	91	92	+0¼	0	12.22
R. Bk. Canada 10 86 C$	40	91½	92	+1⅛	+1⅛	12.01
R. Bk. Canada 10 94 C$	40	87⅞	88⅜	+0⅛	−0⅛	11.77
Tordom Cpn. 13½ 86 C$	30	103	103½	+1	+0⅛	12.58
M. Bk. Dnmk. 9 91 EUA	25	94¼	95⅞	0	+0½	9.89
SOFTE 8¾ 89 EUA	40	85⅝	86⅛	−0⅛	+2⅛	10.79
U. Bk. Nrwy. 9½ 90 EUA	18	97⅞	98¼	0	+0½	9.86
Algemene Bk. 8¾ 84 Fl	75	97½	98	0	−0¼	8.88
Ned. Gasunie 8¾ 84 Fl	50	98⅝	99⅛	+0⅛	−0⅛	9.04
Ned. Middbk. 8¾ 84 Fl	75	95⅝	96⅛	0	−0⅛	9.62
Norway 8¾ 84 Fl	100	96⅝	97⅛	−0⅛	−0⅛	9.20
Norway 8¾ 84 Fl	100	97¼	97¾	+0¼	+0½	8.94
Philips Lamps 8¾ 84 Fl	75	96⅛	96⅞	−0⅛	+1⅞	9.36
Air France 11 84 FFr	120	96	96½	0	+1	12.13
CECA 14¼ 88 FFr	150	103⅞	104⅞	0	+0⅛	13.14
Euratom 9¾ 87 FFr	150	84⅝	84⅞	0	+0⅛	13.27
Finland 11 84 FFr	80	93½	94½	0	−0⅛	12.74
Finland 11½ 89 FFr	70	91¾	92½	+0⅛	+0⅛	12.97
Gaz de France 11 84 FFr	150	95⅝	96½	−0⅛	+1	12.25
IBM France 11⅞ 84 FFr	120	96⅞	97½	0	+0⅛	12.69
Renault 9¾ 85 FFr	100	84⅞	85⅝	0	0	13.85
Saint-Gobain 9¾ 85 FFr	130	84⅛	84⅞	−0⅛	0	13.71
Solvay et Cie 9¾ 87 FFr	125	81¾	82⅜	−0⅛	0	13.90
Citicorp O/S 13½ 90 £	50	97¼	97⅝	+0⅛	+0⅛	13.97
EIB 11½ 91 £	25	87⅜	[illegible]	[illegible]	[illegible]	13.63
Finance for Ind. 13 91 £	15	97	97¼	+0⅛	+1⅛	13.45
Fin. for Ind. 12½ 89 £	30	94½	95½	+0½	+0⅛	13.44
Fin. for Ind. 14½ 88 £	20	100⅝	101⅛	+0⅛	−0⅛	14.24
Gen. Elec. Co. 12½ 89 £	50	[illegible]	96¼	+0⅛	+1⅛	13.77
Swed. Ex. Cr. 13⅝ 85 £	20	102⅛	102⅞	+0⅛	−0⅛	14.47
Indonesia 8¾ 91 KD	7	†93	93½	0	0	9.70
Mitsubishi 7½ 84 KD	10	†91½	92	0	−0⅛	10.18
Norges Kom. 7½ 89 KD	12	[illegible]	[illegible]	0	0	8.54
Occidental 8¾ 91 KD	7	†90⅛	90⅝	0	0	9.69
Akzo 9¾ 87 LuxFr	500	[illegible]	[illegible]	+0⅛	−0⅛	10.66
Euratom 8 87 LuxFr	500	87⅝	88⅝	0	+1⅛	10.51
Euratom 9¾ 88 LuxFr	500	89⅛	89¾	0	−0⅛	10.80
EIB 9¾ 88 LuxFr	600	98	99	0	+0⅛	10.02
Volvo 9¾ 87 LuxFr	500	97⅞	98⅝	0	+0⅛	10.09

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	[illegible]	[illegible]	2/7	13⅛	[illegible]
Banco di Roma Int. 6 87	0¼	99¾	100¼	26/10	15.31	[illegible]
Bank of Ireland 5¼ 89	‡0¼	97½	98	21/8	11.81	12.09
Bank of Tokyo 5¼ 89	‡0¼	[illegible]	[illegible]	20/10	16.06	16.34
Barclays O/S Inv. 5 90	0¼	[illegible]	95½	13/6	14⅛	14.80
Bergen Bk. A/S 6 89	‡0¼	96⅝	97⅛	28/5	17⅛	17.81
Bque. Indo Suez 5¼ 89	0¼	[illegible]	[illegible]	11/7	14.69	14.84
Citicorp O/S F. 5 94	‡0¼	98⅞	99⅜	8/5	18.81	18.98
Citicorp O/S F. 83	§‡0	99	99½	23/5	16.06	16.18
Citicorp O/S F. 84	‡0	99	99½	30/5	16.94	17.07
C. Itoh 5¼ 87	0¼	101	101½	18/9	19.44	19.20
Co-operative Bk. 6 86	0¼	97½	98	15/11	11.44	11.70
Creditanstalt 5½ 91	§‡0¼	98½	99	14/6	18.44	18.67
CNT 5¼ 86	§0¼	101¼	101¾	16/10	18⅛	17.86
GZB 5½ 88	‡0¼	98⅝	99⅛	1/8	15⅛	15.40
Jugobanka 8 88	0⅞	90¼	91¼	23/5	16	17.63
Ind. Bank Japan 5¼ 87	0¼	101	101½	15/10	18⅛	18.52
LTCB Japan 5¼ 86	0¼	98	98½	13/6	14¼	14.50
LTCB Japan 5½ 89	0¼	97¼	97¾	7/8	14.19	14.55
Mfrs. Han. O/S 5¾ 94	‡0⅛	98⅛	98⅝	30/5	17⅛	17.39
Midland Intl. Fin. 5 89	0¼	99⅝	99⅞	20/8	15	15.08
Nacional Fin. 6¼ 88	0¼	98¼	98¾	25/7	15.69	14.91
Nat. West. 5¼ 94	§0⅛	101½	102	11/10	18⅞	18.30
Nippon Credit 6¼ 86	0¼	97¾	98¼	12/7	14.44	14.73
Nippon Credit 5¼ 87	‡0¼	97¼	97¾	8/8	14⅛	14.72
Royal Bk. Scot. 5¼ 94	§‡0¼	99½	100	11/7	19½	19.55
Soc. C. de Bque. 6½ 87	0¼	101¾	102¼	3/10	20.06	19.67
Sogenal 5¾ 89	§0¼	97½	98	13/7	14.44	14.77
Standard Chart. 5¼ 90	0¼	100½	101	6/9	17¼	17.12
Sweden 8¼ 91	‡0¼	97¾	98¼	18/10	18⅛	19.01
TVO Pwr. 9 91 (D-lock)	0¼	95⅞	96⅜	24/5	15.37	15.93
Williams & Glyn 5¼ 91	0⅛	100⅜	100⅞	14/8	18⅛	18.39
Bq. E. d'Alg. 4¼ 89 SF	0⅝	†81	82	18/6	8.69	8.21
Average price changes... On day 0 on week 0						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktbolag 7¾ 89	10/79	145	†113½	114½	+0½	−8.84
Ajinomoto 7¼ 95	2/80	618	99¼	100¼	0	−1.51
Alco Int. Fin. 9½ 94	1/80	40	90⅝	91⅞	0	32.73
Asahi Optical 7 94	11/79	605	97⅝	98⅛	+0¼	15.28
Canon 6⅜ 94	8/79	570	105¾	106¼	−0⅞	−1.94
Credit Suisse 4¾ 93	10/79	1325	100⅞	102⅜	−0⅛	4.01
Daiei Inc. 6½ 94	11/79	1020	95⅞	96⅜	+0½	36.20
DDKK 11 90	4/80	324	112½	113¼	+0½	4.14
Dynalectron 9½ 95	8/80	12.22	97½	99	−0⅛	−12.69
Enserch Fin. 9½ 94	7/80	30.25	102½	103	+0⅛	11.61
LPC Internatnl. 8 89	9/79	23.33	†93½	95	0	29.34
Maidensha Elec. 7 94	12/79	210	96⅛	97⅛	+0⅛	14.24
Mitsubishi Cp. 6½ 94	10/79	604	124¾	128⅛	+0⅛	8.85
Nippon Seiko 7¼ 94	12/79	339	†107¼	108⅜	+0¼	1.88
Nitto Elec. Ind. 6 94	7/79	735	78	79¼	−1⅛	2.81
Toshiba Cpn. 7¼ 94	10/79	198	97⅞	98⅞	+0⅞	−0.56
Union Bk. Switz. 5 85	2/80	125	93⅛	95¼	+0¼	1.87
Fujitsu 5 84 DM	7/79	475	101½	101⅞	0	11.97
Kansai Elec. 4 84 DM	4/79	1234	86	87	−0⅛	43.19
Tokyu Ld. Cp. 4 86 DM	4/79	493	78¾	79¼	−0¼	40.49
Uny Co. 6½ 85 DM	11/79	1071	93⅛	94⅛	+0½	44.25

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

EUMIG OF AUSTRIA

Creditors issue public ultimatum

BY PAUL LENDVAI IN VIENNA

THE WAR of nerves over the financial restructuring of the embattled Eumig company, the world largest producer of film projectors and once the showcase of the Austrian camera industry, has now reached a crucial stage. Oesterreichische Laenderbank, the company's main creditor, last night issued what amounts to a public ultimatum to the owners of the company, former chief executive Herr Karl Vockenhuber and to the Hauser family.

A brief communique said that the supervisory board of the Laenderbank was willing "to patronise the putting of the company on a self-supporting basis." This would involve the injection of further funds provided ownership rights are transferred to the Laenderbank. The bank also warned that such a move should take place within the next few days.

In the face of continued opposition by Herr Vockenhuber to a take-over, the bank, which has so far advanced Eumig loans of some Sch. 1.5bn, Eumig will go-ahead with bankruptcy proceedings.

Just a few years ago Herr Vockenhuber was celebrated and praised as a model entrepreneur who was able to join forces with the Government in providing retraining facilities for former miners. Originally making lighters and cookers, the company became in the 1970s the worlds foremost manufacturer of cone cameras.

However, the Austrian business community was eventually forced ot agree that the company was both overmanned and undermanaged.

As a family firm, Eumig did not have to present any balance-sheets. But it became painfully evident that output per man was well below that of comparable Japanese producers. Per head turnover last year was only Sch 300,000, or just over half of the comparable figure for Japanese producers.

Eumig also ran into financial troubles through the costly venture in instant polavision cine-cameras which were launched originally together with Polaroid of the U.S. The basic underlying weakness was the lack of proper marketing and management.

Had the owners and the bank acted in time, the company might have survived. As the economic editor of Die Presse Mr. Kurt Horwitz put it in an editorial, a family firm either has to be taken over or should be allowed to go bankrupt. The middle way of pumping money into a structurally deficient firm could only endanger jobs, cost a lot of money and cause frustration.

HIGH labour costs and the problems of exporting from a strong currency base have compounded Eumig's difficulties of over-manning and lax management.

The point is of course that in a country dominated by the state and public sector where the two largest joint stock banks are also under ultimate government control due to the majority holding of the state there is simply not enough risk or private capital in existence to take over a company of Eumig's size.

Last autumn the family firm was transformed into a limited liability company with the four member executive board shared between two managers nominated by the bank and the two owners. However, Herr Vockenhuber stubbornly rejected a complete takeover by the bank, holding out for government assistance.

In two phases the company laid off some 2,000 employees. It is reckoned that a further 500 to 1,100 will have to be dismissed and unprofitable plant closed.

The two managers nominated by the Laenderbank report that for the first four months of 1980 per employee head sales and exports to the US have doubled. It is also stressed by company sources that sales in Japan jumped by 41 per cent.

The two managers, Mr. Stefdan Benczak and Mr. S. Markovits are reported to have told the bank recently that with an injection of additional funds to the tune of Sch 1bn the company could be out of the red by mid 1981.

Eumig's original capital of Sch 300m is understood to have been exhausted long ago. Operating losses last year totalled Sch 400m. Thus new capital is needed and a full scale reorganisation is imminent. Laenderbank with a consolidated balance sheet of over Sch 100bn last year could possibly provide institutional backing in the search for a foreign partner.

Meanwhile, it is thought likely that Herr Vockenhuber will agree next week (as did already his companion Dr. Hauser back in March) to a complete takeover by the Laenderbank.

Holzmann DM 45m. rights issue

By Our Frankfurt Correspondent

PHILIPP HOLZMANN, one of West Germany's leading construction groups, plans to raise DM 45m by a rights issue after a successful year in 1979 in which group after tax profits were more than doubled to DM 49.6m ($27.7m).

The group is having to increase its capital base to take account of the $75m takeover of the Jones construction group in the U.S. last year, and the general expansion of its foreign business.

Inflated by the first time inclusion of the Jones group, sales in 1979 rose 38 per cent to DM 49.6m. Excluding Jones, growth was 5.6 per cent. In the first five months of 1980 turnover improved further to DM 2.4bn, an increase of 14 per cent.

Turnover in the Federal Republic jumped dramatically by 43 per cent to DM 80m—the first five months of 1979 were depressed by the very harsh winter which severely cut building activity particularly in northern Germany—while turnover in foreign markets was up by 4 per cent to DM 1.58bn.

The boom in the West German building industry should still allow Holzmann to improve on last year's domestic results this year, but in foreign markets actively appears to be reaching its peak.

However, competition for new orders is clearly becoming fierce. Taking account of the incorporation of the Jones group, Holzmann's new orders in the first five months fell by 18 per cent to DM 2.5bn compared with DM 3bn in the corresponding period of 1979.

Daimler-Benz maintains growth

BY KEVIN DONE IN STUTTGART

DAIMLER-BENZ, one of the leading West German motor manufacturers, has managed a 7.5 per cent rise in net profits for 1979 and has continued to defy the general down-turn in the West German car market this year. On the basis of current order books, it is confident that it can run its car plants at full capacity until the end of 1981.

In the first four months of 1980 it increased car production by 1.9 per cent to 147,241 units at a time when general car production in the Federal Republic fell by 6.2 per cent.

Group sales in the same period rose by more than 10 per cent to around DM 10bn ($5.59bn). Mercedes-Benz new registrations in the home market increased by 1 per cent against a general fall in West German car registrations in the first four months of 10.2 per cent.

Production will pick up further in the coming months as the new S series models are brought fully on stream and for the whole of 1980 Daimler-Benz is planning to produce more than 430,000 cars compared with a total of 422,169 in 1979.

For 1979 group after-tax profits rose by 7.5 per cent to DM 637.8m—the figure was depressed by exchange losses in important markets such as Brazil—and parent company after-tax profits jumped by 13.8 per cent to DM 539.7m. Daimler-Benz is paying a dividend of DM 10 per share compared with DM 9.

As a result of exchange rate problems the contribution from the group's overseas subsidiaries to group after-tax profits fell to DM 131m compared with DM 154m in 1978.

Bus production managed to return a small profit last year, said Dr. Gerhard Prinz, group chief executive, but returns from this division were still "deeply unsatisfactory."

The Daimler-Benz group derives about 51 per cent of its sales from commercial vehicles—buses and trucks—and Dr. Prinz said that demand for these products was still "extraordinarily strong" particularly in foreign markets. In the first four months production rose by 10 per cent.

Worldwide Daimler-Benz is planning to raise commercial and heavy vehicle production to around 270,000 vehicles, an increase of some 5.2 per cent.

Group investment in the five years from 1980 to 1984 is expected to total some DM 10bn. Expenditure last year reached its highest point to date at a little under DM 2bn. Most of the investment will be in West Germany with the emphasis on the car side of the business. A new smaller car model is expected to be launched in 1983 as an extension to the current range.

Volvo expands North Sea oil interests

By William Dullforce in Stockholm

VOLVO, the Swedish car and truck group, is expanding its North Sea oil interests through its subsidiary Volvo Energi. It is establishing a development and investment company, Nordex, together with Orkla Industrier, a Norwegian mining and metal fabricating company.

Nordex, in which Volvo and Orkla each have a half share, is acquiring for an undisclosed sum Vigor, a manufacturer of process and housing modules for offshore rigs. Vigor is based near Trondheim and expects a turnover of some NKr 100m ($20m) this year.

Volvo Petroleum, another subsidiary of the Swedish group, has a 10 per cent share in a block north of the 62nd parallel, on which drilling will start this summer.

Meanwhile, Mr. Pehr Gyllenhammar, Volvo's managing director, has cut back his previous 1980 earnings forecast. Instead of maintaining last year's group pre-tax profit of SKr 1.24bn, Volvo was likely to finish around the SKr 1bn mark this year.

Mannesmann sees improvement

BY ROGER BOYES IN DUSSELDORF

MANNESMANN, the West German steel and pipes manufacturer, is expecting only a small improvement this year on 1979's sales turnover of DM 12.5bn ($6.99bn). The group has had a difficult year with only a slight sales increase in steel, pipes and machinery and a substantial drop in the plant construction division.

The group's worldwide net profits fell from DM 256m to DM 155m while parent company profits dropped from DM 150.7m to DM 141m. Out of a balance sheet profit of DM 105m, the Board is proposing to pay an unchanged dividend of DM 5.50 per DM 50 share.

The company sees the result as unsatisfactory but seems confident that divisions at present ailing will prove to be good long-term investments.

In the meantime, the group is depending heavily on subsidiaries such as Mannesmann Demag which has proved to be a consistently profitable concern. Sales turnover in Demag, however, rose only slightly last year from an admittedly high level of DM 2.3bn to DM 2.6bn. With a generally favourable climate for capital goods in both Germany and overseas, Demag will be one of the group's main growth areas in the coming year.

In the first three months of the year, Demag has taken in DM 1.34bn worth of orders partly due to a large booking from China.

Karstadt cuts dividend

By Our Financial Staff

KARSTADT, West Germany's largest department store group, reports sharply lower profits for 1979 and is cutting its dividend.

At the net level profits are almost a third lower at DM 43.2m ($24.15m) compared with DM 64m in 1978. The dividend is being reduced to DM 6 a share from DM 7.5.

Earlier this year Karstadt reported a near 10 per cent increase in sales to DM 9.2bn for 1979, or a gain of 3 per cent in real terms adjusting for larger selling space.

However, it also confirmed that capital spending, mostly on new selling areas, was eating into profit margins.

CGE sets sales target

BY TERRY DODSWORTH IN PARIS

COMPAGNIE GENERALE d'Electricite, the diversified French electrical and engineering group, is aiming for consolidated sales of FFr 44bn ($10.58bn) this year against FFr 35bn in 1979. Announcing this target, M. Ambroise Roux, chairman, said that the group, France's fifth largest quoted industrial enterprise, should be able virtually to double last year's turnover by 1983.

A target of FFr 68bn has been set, and the company will be investing some FFr 7bn during the next three years to achieve the objective.

M. Roux underlined the financial health of the group by stressing that FFr 6bn of the investment programme will come from cash flow.

Consolidated profits last year rose to FFr 460m compared with FFr 431m in 1978.

After the sale of its stake in Cii Honeywell Bull, the French computer company to Saint-Gobain-Pont-a-Mousson last year, CGE's main lines of activity are now established for the next few years, M. Roux added. The fastest growth will come in the telecommunications field, where the company is looking for a turnover of FFr 19bn in 1983 against FFr 7.5bn in 1979.

In the energy field, M. Roux is looking for expansion from FFr 15.5bn of sales to FFr 28.5bn during the three year period, while in the general business division of the group, sales are expected to increase from FFr 9.5bn to FFr 15.5bn.

Staff payments check Allied Irish banks

By Our Financial Staff

UNCHANGED profits but an effectively higher dividend are announced by Allied Irish Banks, one of Ireland's major banking groups.

At the pre-tax level, profits for the year ended March, 1980, are Irish £40.4m ($19.35m) compared to Irish £40.9m. The dividend is 6.25p a share in total which represents an effective rise of a tenth.

The bank explains that the results have been hampered by "lump sum" payments to staff following entry to the European Monetary System and the break with sterling. A total of Irish £6.1m has been charged against the accounts for this purpose.

Lower costs lift Lufthansa earnings

BY OUR BONN STAFF

LUFTHANSA, the West German airline, yesterday announced improved profits for the past year despite the rising cost of aircraft fuel and sharp competition on key routes.

Rises in fare and freight prices coupled with a 10 per cent increase in passenger traffic managed to push up revenue by 12.6 per cent to DM5.64bn ($3.17bn) but at the same time, costs rose by 13.7 per cent to DM5.57bn. Gross profits were thus DM78.2m, considerably down on 1978s DM118.1m.

After taking into account lower depreciation charges of DM9.4m as well as a modest transfer of DM1.3m to reserves, the airline was able to present a net profit of DM 67.5m, compared with DM42m. A dividend of 6 per cent is proposed against 7 per cent in 1978, though bonuses for those affected by last year's capital increase will push the final payout up to 9 per cent.

The high level of depreciation charges in 1978 — a factor which has allowed Lufthansa to present a respectable increase in attributable profits this year — is of course specific to the airline industry. Lufthansa writes its aircraft off over 10 years, compared to 14-16 years in the case of many U.S. airlines.

Lufthansa's relatively modern fleet has been a boon to the airline, not only in terms of flexibility in adjusting to shifting passenger demand. It also means that Lufthansa uses significantly less fuel than some of the other major European airlines and has thus been able to retain a degree of control over spending on fuel.

Nonetheless, oil prices remain a serious problem. The share of fuel in overall costs reached 18.5 per cent in December 1979 compared to 10.4 per cent in the same month of 1978. This has particularly hit the charter subsidiary Condor and German cargo services. Indeed, Condor reports a loss this year after profits in 1978 of DM 6.5m.

Lufthansa is still facing tough competition on the North Atlantic routes and has called for a clear distinction to be made between charter and normal scheduled flights.

The airline has to read a delicate balance between keeping up passenger revenue to meet higher costs and at the same time avoiding radical fare price increases which could dampen demand. Airline passengers are considered, especially on short-haul routes, to be extremely price sensitive. To this end, Lufthansa raised its fares on European routes by only about 5 per cent last year compared to the 10 per cent recommended by the International Air Transport Association at its Geneva meeting last summer.

Lufthansa has also started to diversify outside the airline business to reduce some of its vulnerability to international developments. It has bought stakes in several tourism companies over the past year including the Euro-Lloyd group, Kuehne and Nagel.

JAPANESE NEWS

Hitachi earnings at record levels

BY RICHARD C. HANSON IN TOKYO

HITACHI, Japan's largest electric machinery maker, reported a 41 per cent jump in parent company net profit for the year ended March 31 to a record Y53.1bn ($237m), helped in part by the depreciation of the yen. Sales also hit a new high, up 13 per cent to Y1.698bn

The biggest contribution to the increase in profits came from the consumer electronics sector, where sales of colour television sets were strong and video tape recorder sales more than doubled. Sales of semiconductors, in which Hitachi is investing heavily to expand production capacity, and computers were brisk. Industrial machinery sales rose as private spending for plant and equipment recovered.

The company enjoyed a boost in profitability from higher operating rates, which cut production costs, and from the impact of an overall drive to reduce costs implemented while the yen was climbing to record highs.

Exports, at a much depreciation yen rate throughout most of the year, generated Y7bn in foreign exchange profits, compared with a Y8.8bn in exchange losses in the previous year.

Exports were up 12 per cent, for a 23 per cent share of all shipments. New orders were up in all sectors except heavy electrical machinery—where power company orders were sluggish—for a gain of 7 per cent to Y1,978bn (exports orders gaining 29 per cent), to leave Hitachi with an order backlog at the end of the year of Y1,798bn, or more than $8bn.

Hitachi, along with the other major companies involved in the semiconductor industry, is moving rapidly to increase production both at home and abroad. A U.S. plant, started last year, will reach full capacity late this summer, while a West German plant is scheduled to come on stream early next year. Nearly one third of the Y65bn the company plans to spend for plant equipment this year at home will be devoted to semiconductors.

The company expects to boost the production capacity in VTRs later this year from the present 30,000 units per month if sales, as predicted, continue to boom. VTRs now account for 6-7 per cent of the Y423bn consumer product sector, two thirds of which are shipped overseas.

Hitachi has not yet committed itself to producing a home video disc system, preferring to continue its own studies of the three major systems coming into the market.

Hitachi forecasts that both sales and net profit will continue to rise by about 10 per cent each during the first half of the current year, but declines thereafter. Although there are still virtually no signs that the economy has begun to slow down from the present high rate of growth, businessmen are beginning to suspect that a cooling off may occur later this summer as a result of tighter credit.

The company's consolidated earnings report will be issued next month. Hitachi has a number of highly profitable subsidiaries, which tend to make consolidated profits consider-

National bond rules to be revised

By Our Tokyo Correspondent

THE JAPANESE Ministry of Finance has revealed its latest plans to help stabilise the Tokyo bond market. It has agreed to increase the amount of National bonds the Government Trust Bureau will absorb and to reduce the scheduled amount of new issues this year if tax revenues increase.

Banks will also be allowed to re-sell their obligatory purchases of National bonds at the time of formal listing, usually seven months after issue, rather than the one year period they must now hold the bonds. Banks have suffered large translation losses on their huge holdings of the National bonds because of a collapse in prices under the weight of Government issues.

The Government plans to issue Y14,270bn ($63.5bn) in the fiscal year started April 1 to finance about one third of the national Budget. Government finances slipped heavily into deficit as a result of heavy spending from three years ago to stimulate the economy. Government policy shifted to a deflationary tack last spring, and spending has been held down. The Government, however, has been unable to pass legislation which would increase tax revenues and lessen the need for deficit financing.

The measures agreed to at a meeting with the principal underwriters of the National bonds, included a decision to raise the amount of new bonds the Trust Bureau will buy to Y3,200bn from an originally planned Y2,500bn. Insurance companies will be allowed to participate with the banks and securities houses in competitive bidding for medium term Government issues. Officials will also study the possibility of making private issues.

The bond market has improved since reaching a new low in prices last month. Interest rates have dropped from 12-13 per cent at the peak to just below 10 per cent at present.

SOUTH AFRICAN NEWS

Recovery at Scotts Stores

By Our Johannesburg Correspondent

SCOTTS STORES, the once high-flying but recently troubled South African clothing and footwear retail chain, has returned to the black, following extensive reconstruction. In the year to February 29, the company made a pre-tax operating profit of R97,000 ($125,000), compared with a R745,000 loss in the previous year. This followed additional stock and debtors' write offs of R915,000.

In the latest year, 25 loss-making stores were closed in the Transvaal, while retailing operations in the Western Cape, reported substantial profits. Further store closures are planned, while the slimmer group is expected to benefit from growing consumer spending.

Turnover of the group's remaining stores rose by 8.9 per cent to R70.4m ($90m) from R64.7m, and a strong advance is expected in the current year.

Tongaat in bid for maize miller

BY JIM JONES IN JOHANNESBURG

TONGAAT, THE diversified South African sugar, building materials, textiles, and foodstuffs group, has made an offer worth R17.5m ($22.18m) for complete control of H. Lewis, the maize milling company. The 850 cents a share bid, which has already been accepted by shareholders holding 75 per cent of Lewis' shares, comes after several weeks of haggling over earlier bids

Lewis, which apart from milling maize is involved in the production of breakfast cereals, animal foodstuffs, and vegetable oils, does not report turnover figures. But in the six months to August 31, 1979, the company earned a pre-tax consolidated profit of R1.36m, compared with R3.1m in the year to February 28, 1979.

After tax, Lewis' first-half profit was R795,000 compared with R1.95m in fiscal 1979.

The bid for Lewis is Tongaat's third in the past two months. Last week the group received final shareholders approval for a R13m offer for Hebotex Textiles.

Building boom lifts Toncoro

BY OUR JOHANNESBURG CORRESPONDENT

TONGAAT COROGROUP (Toncoro). South Africa's largest brick manufacturer, gained substantially from the country's building boom in the year to March 31 and a further solid advance is projected for the current period.

Helped by an almost total run-down of earlier brick stockpiles, and round-the-clock working at brick and tile factories currently in operation, Toncoro earned a pre-tax profit of R13.9m ($17.6m) against R6.3m in 1978-79, and increased turnover by 60.4 per cent to R117.3m ($148.5m) from R73.1m. However, results are not strictly comparable, as the 1978-79 figures only include nine months results from Original Primrose Group.

The company still has to bring all its 30 brick and tile plants — several of which were mothballed during the building slump — back to full production, and during the current year it is planned to spend R18m on new productive capacity to come on line in two years.

Dividends totalling 12 cents per share, against 5 cents, have been declared from earnings of 35.9 cents compared with 14.1 cents.

Dorbyl raises profits

By Our Johannesburg Correspondent

DORBYL, THE South African heavy engineering group, increased its pre-tax profit by 21.6 per cent to R9.71m ($12.4m) in the six months to March 31. This compares with R7.98m for the corresponding year-ago period, and R18.67m for the last financial year.

At the time of the last annual report, the management was confident of improved earnings in the current financial year. But though the group has benefited from growing capital spending, the long-term nature of its contracts means that profits take time to filter through.

In February the company's ordinary shares were split on a two-for-one basis. On the increased number of shares, 34.2 cents a share was earned in the six months, against a comparable 31.2 cents in the first half of 1979. On a comparable basis a dividend of 31 cents was declared in the last financial year, from earnings per share of 77.5 cents.

Magnum Corporation to make scrip issue

BY WONG SULONG IN KUALA LUMPUR

MAGNUM CORPORATION, the Malaysian Lottery organisation, increased its operating pre-tax profit by 11.6 per cent to 24.4m ringgit (US$11.3m) in the year to December. Turnover rose 13 per cent to 390m ringgit (US$181m)

After-tax profits were over 18m ringgit, compared with only 4.9m ringgit previously This was because of an extraordinary gain of 5.8m ringgit during 1979, compared with an extraordinary loss of 5.6m ringgit for 1978.

The directors have declined to explain the extraordinary gain as the accounts have not been audited, but according to the group's annual report, the extraordinary loss of 1978 was to cover losses incurred by Malaysian Titanium Corporation, in which Magnum holds 30 per cent. Malaysian Titanium is now under receivership.

The group is paying a final dividend of 15 per cent, making 20 per cent for the year, compared with 15 per cent. It is also making a one-for-two scrip issue, capitalising on 10.46m ringgit from profits. The new shares will not be eligible for the final dividend.

Increase at Guinness Malaysia

By Our Kuala Lumpur Correspondent

GUINNESS MALASIA BERHAD has reported pre-tax profits for the six months ending February up by 24 per cent to 15.7m ringgit ($6.88m) with turnover rising by 20 per cent to 95m ringgit ($43.5m). Claims for depreciation and reinvestment allowances, substantially reduced the tax charge, and after-tax profit was 14m ringgit compared with 6.8m ringgit previously.

Guinness expects second-half turnover to be lower. The first half is normally more buoyant as it coincides with the major Malaysian festivals.

The group is currently undertaking a major investment programme, costing 30m ringgit.

Faber Merlin in Alor Star hotel venture

By Our Kuala Lumpur Correspondent

FABER MERLIN, the Malaysian hotel and property group, has entered into a joint venture with the Kedah State Economic Development Corporation to construct and operate a first-class 129-room hotel in the State capital of Alor Star.

The hotel will cost 8m ringgit (US$3.7m) to build and is expected to be ready by early 1982. Faber Merlin will take 30 per cent of the equity, while the Development Corporation will hold the remaining 70 per cent.

Alor Star is currently undergoing rapid expansion and there is a shortage of hotel accommodation.

Telefonica is allowed to increase charges

BY ROBERT GRAHAM IN MADRID

THE GOVERNMENT has approved a 20 per cent average rise in telephone charges. The move will dispel much of the uncertainty surrounding the investment plans for 1980 of the national telephone monopoly Telefonica.

Telefonica part state, part private-owned, had hoped the Government would grant the increase as of January. The Government's refusal to do so until now has already delayed the investment plan. Last autumn Telefonica said it planned to invest Pta 120bn ($1.7bn) this year but warned of the problems it faced in financing this.

Telefonica intended to raise roughly half of this amount from its own resources, relying both on increased charges plus the introduction of a new compulsory bond subscribed by those acquiring new telephones.

However, the Government has been very cautious in acceding to Telefonica's demands. The Government has been concerned by the inflationary impact and also by the certain hostile reaction of the consumers association. The latter consumer protection group won its most spectacular success last year in proving that the Telefonica had illegally raised charges on a new system of urban call accounting. Telefonica was then forced to provide rebates to the users affected.

Although the consumers association is expected to challenge the new rise the Government was under strong pressure to accede to Telefonica. It would be difficult for Telefonica to find other means of domestic funding and if Telefonica were obliged to trim investment—some Pta 500bn over the next four years—the electrical industry would have been badly affected.

Already the two leading companies in this field in Spain, Standard and Marconi, have been reduced to lay-offs largely as a result of a slowdown in Telefonica investments.

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Just out

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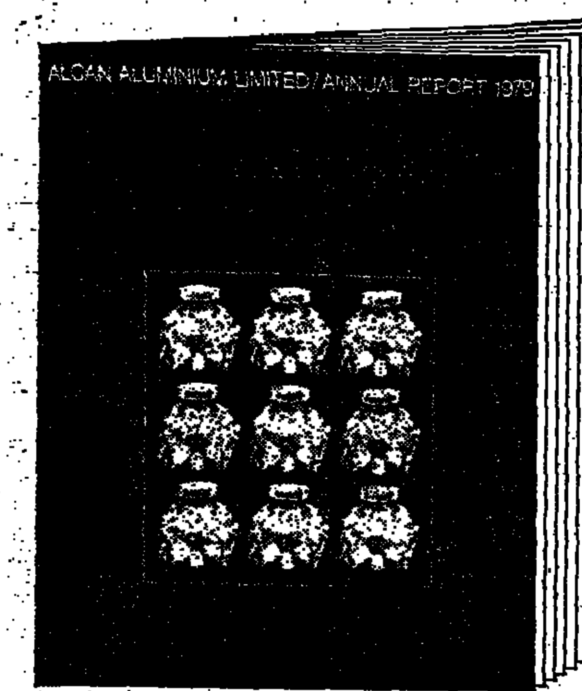
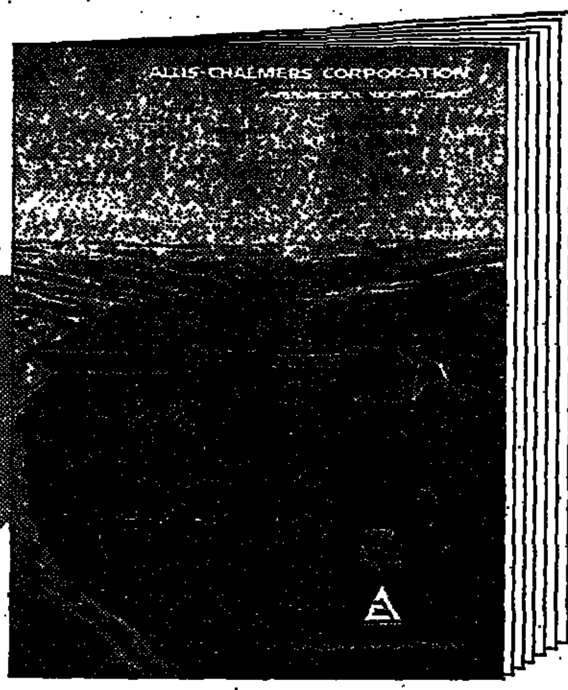


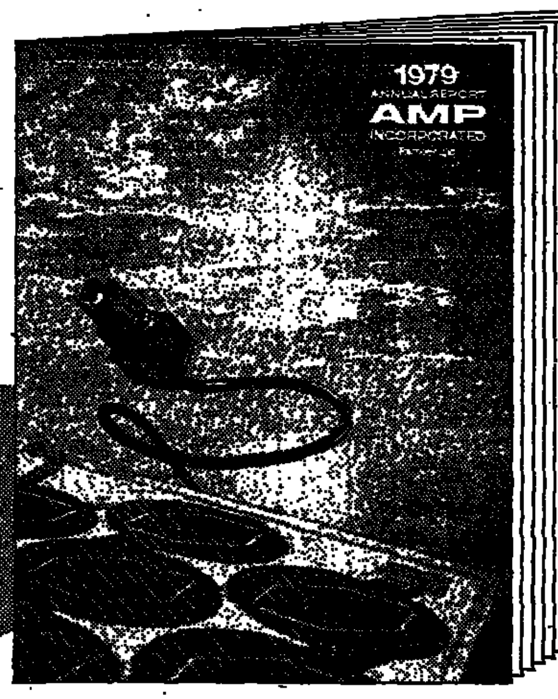
Alcan Aluminium Limited

This Canadian-based company is the largest international enterprise in the aluminium industry, with operations in over 30 countries, including the United Kingdom, Germany, France and the other countries of the E.E.C. Its aluminium smelters make Canada one of the leading producers of the metal and these are being substantially expanded, based on Alcan's own hydro-electric power facilities. Other smelter expansion projects are under way in Australia and Brazil. World-wide consolidated sales and revenues in 1979 were (U.S.) $4,381 million and net profit was $427 million. The 1979 Annual Report includes a descriptive brochure "Alcan Today."



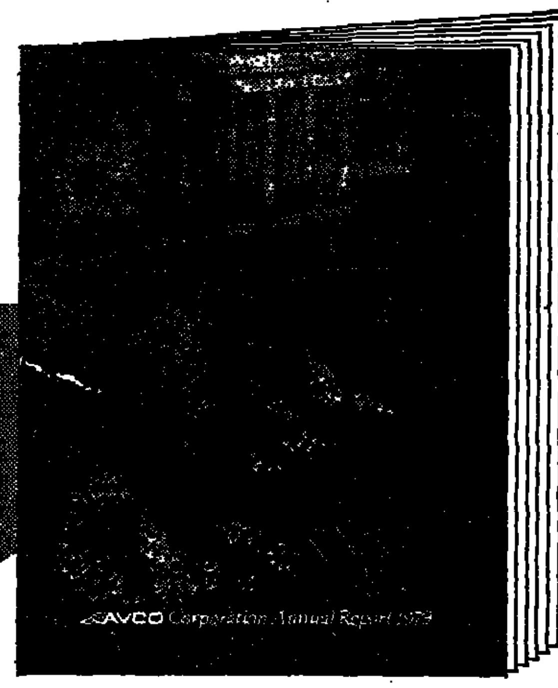
Allis-Chalmers Corporation

A diversified special machinery company whose equipment is used in the processing of fluids and solids ...improving and controlling the quality of environmental air....agriculture....material handling....lawn and grounds maintenance and snow removal....and electrical applications by industry and utilities. 1979 was the eighth consecutive year of sales and income growth. Sales: $1.973 billion. Per share income: $6.23. Annualized current dividend rate: $2.00.



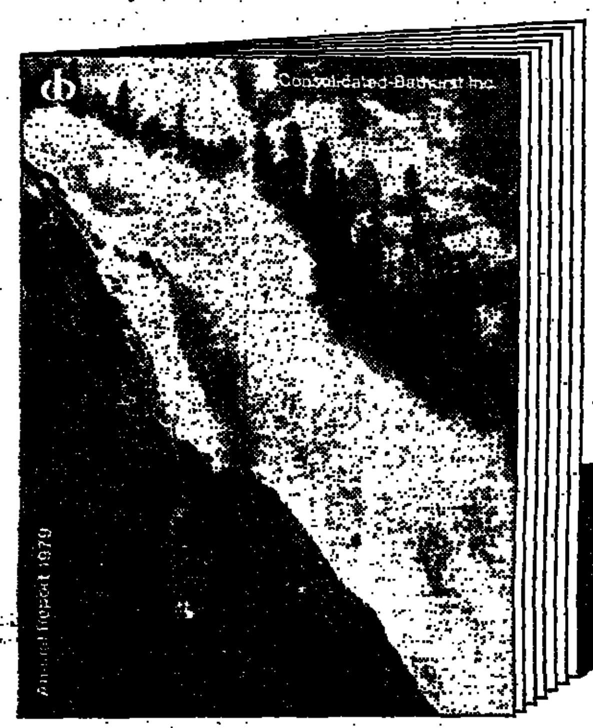
AMP Incorporated

Over a 15% annual growth rate in sales, earnings and dividends for over 20 years. 1979 sales $1.013 m; EPS $3.36; Dividend 76c (increased 32% to $1.00/share Jan. 1980). First quarter 1980 sales up 22% to $284 m; EPS up 23% to 98c. Backlog up $34 m to $264 m. *Steady Growth* – entirely through new products and markets – no acquisitions. Sales up all but 3 of 38 years. *Broad Diversification* – world's leading producer of electrical/electronic connection, switching and programming devices – 65,000 types and sizes, 85,000 customers (manufacturers, distributors, retailers, utilities, transportation field, etc.). Subsidiaries in 22 countries. (AMP-N.Y.S.E.)



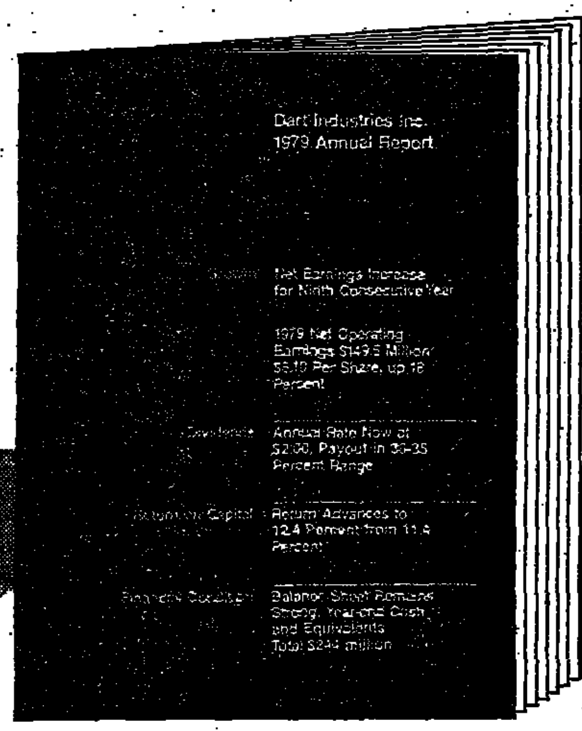
AVCO Corporation

Avco Corporation (NYSE: AV), with $5 billion in assets, $2 billion in revenues and $132 million in net earnings for 1979, is a diversified, multinational company with major interests in aerospace, defense and financial services. Since 1975, Avco's net earnings have risen at an annual compound rate of 27%, parent company debt has declined to 31% from 49% of total capitalization, and primary book value per share has climbed to $47.65 from $25.32. Common dividends are paid at a quarterly rate of $.30 per share.



Consolidated-Bathurst Inc.

A Canadian forest products and packaging organization. 1979 sales of C$1,244 million and net earnings of C$102.8 million. Most important product is newsprint with 1,021,000 short tons produced in 1979 – 80% for export, mainly to the United States and the U.K. 53% of sales are Packaging, in the form of multiwall paper bags, paperboard, glass and plastic containers sold to industry in Canada or in West Germany. Shares traded on Montreal and Toronto stock exchanges; 17,900 employees and 14,500 shareholders.



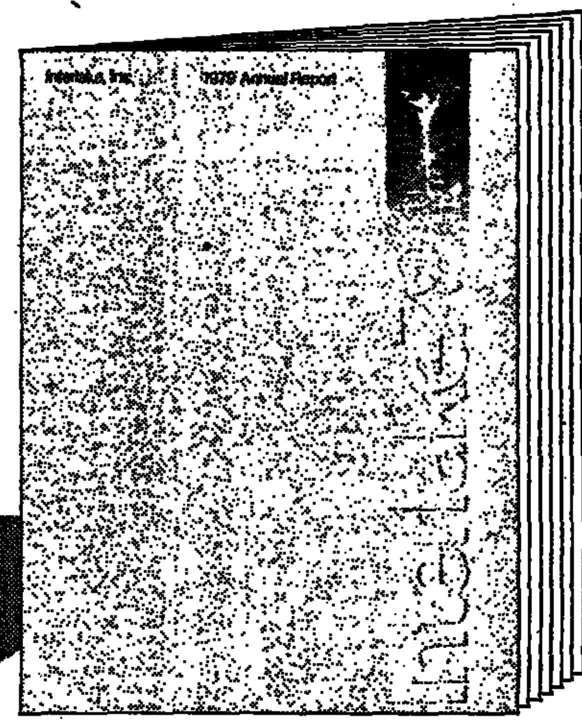
Dart Industries Inc.

Operating earnings have increased consistently since 1970 at an average annual compound rate of 17 percent. This rapid growth has been led by the Tupperware Division, which sells high-quality plastic food containers. With the recent acquisition of Duracell, the leading maker of high-performance alkaline batteries, Dart is now particpating in a market estimated to grow in excess of 20 percent per year over the next several years. Dart's Consumer Products, Chemical-Plastics and Glass container Divisions have also been important contributors to earnings.

Fuqua Industries, Inc.

Fuqua Industries, Inc. (FQA) is a multi-market manufacturing, distribution and service company with sales over $2 billion. Fuqua's principal businesses include Recreational Products and Services, Farm and Home Products, Transportation, Petroleum and Other Operations. During 1979 Fuqua more than doubled its profits.

Sales – $2.1 billion, up 25% over 1978
Net income – $67 million, up 123% over 1978
Earnings per share – $5.11, up 127% over 1978

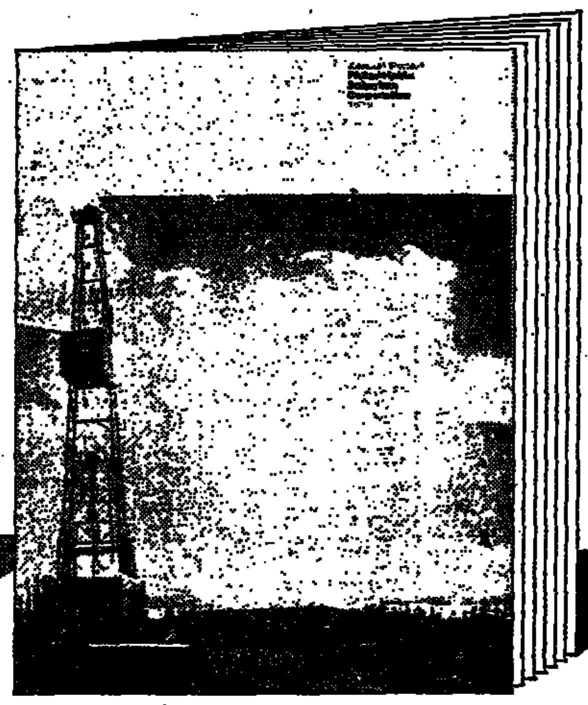


Interlake, Inc.

Interlake, Inc. is a Chicago-based international leader in basic and high technology metals, castings and storage/handling/packaging systems. Sales reached past the billion dollar mark for the first time in 1979, and net earnings reached a record $39.7 million. Earnings per share rose to $6.66 from $1.77 on 1978. Extensive packaging and material handling operations in the U.K. and on the Continent made significant contributions to both sales and earnings. Current dividend rate: $2.20 per share, annualized.

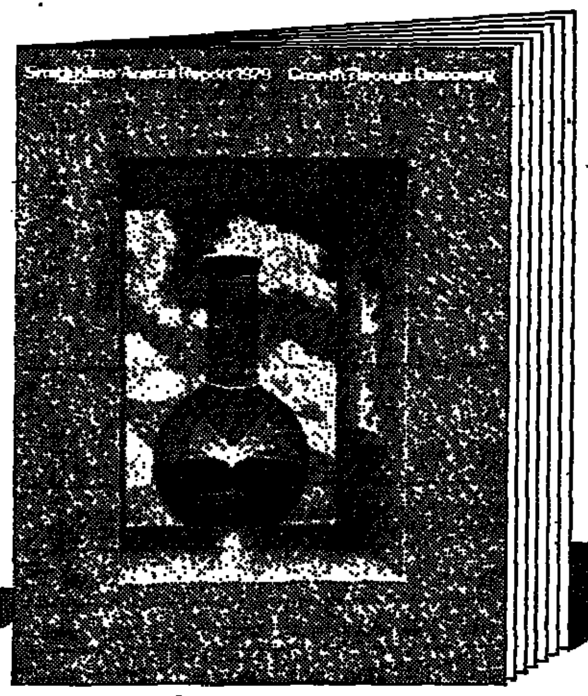
Libbey-Owens-Ford Company

Libbey-Owens-Ford is a diversified industrial manufacturer of glass, fluid power and fluid system components and laminated and molded plastic products. LOF supplies original equipment and replacement products to many industries including transportation, aerospace, building construction, heavy machinery and home remodeling. Annual sales exceed $1 billion.



Philadelphia Suburban Corporation

1979 after-tax income of $27 million marked PSC's tenth consecutive year of record earnings. The company's Energy Services Group is the leading factor in renting equipment for deep oil and gas drilling. PSC also has interests in water service, fire protection and specialty services.



SmithKline Corporation

SmithKline Corporation is a diversified worldwide company devoted to the research, development, manufacture and marketing of health care and related products. SmithKline businesses include human pharmaceuticals, animal health products, consumer products, industrial instruments, medical diagnostics and medical laboratory services. As a research-intensive company, SmithKline is committed to growth through the discovery and marketing of new products.

Storage Technology Corporation

Storage Technology Corporation is a leading manufacturer of computer data storage subsystems and telecommunications products. Compared with 1978, net income for 1979 increased 48% to $39.8 million from a revenue growth of 60% to $497.5 million. Storage Technology began 1980 with record order backlogs in all its product areas. The company's stock is listed on the NYSE, ticker symbol STK.

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AMP Incorporated	☐	Libbey-Owens-Ford Company	☐
Avco Corporation	☐	Philadelphia Suburban Corporation	☐
Consolidated-Bathurst Inc.	☐	SmithKline Corporation	☐
Dart Industries Inc.	☐	Storage Technology Corporation	☐

I also want these Annual Reports, featured in the Financial Times on 21st and 22nd May.

AEtna Life & Casualty	☐	Crum and Forster	☐	Masco Corporation	☐
AMETEK	☐	EDO Corporation	☐	Nabisco, Inc.	☐
Borg-Warner Corporation	☐	ENSERCH Corporation	☐	NICOR Inc.	☐
Burlington Northern Inc.	☐	Esmark, Inc.	☐	Northwest Energy Company	☐
Canadian National	☐	Holidays Inns, Inc.	☐	Prime Computer, Inc.	☐
Canadian Pacific Investments Limited	☐	Hospital Corporation of America	☐	Pullman Incorporated	☐
Computer Sciences Corporation	☐	INA Corporation	☐	Western Bancorporation	☐
Consolidated Natural Gas Company	☐	IU International	☐	White Consolidated Industries, Inc.	☐

WORLD STOCK MARKETS

Dow rises 6.8 in early trade

FOLLOWING THROUGH on the beter tone apparent late on Wednesday, Wall Street gained ground over a fairly broad front in active early trading yesterday.

The Dow Jones Industrial Average was up 6.82 at 837.88 at 1 pm, while the NYSE All Common Index advanced 45 cents to $61.87. Gains outnumbered falls by about a two-to-one ratio and turnover further increased to 26.89m shares from the 24.04m recorded at 1 pm the previous day.

Analysts said take-over situations were generating further speculative interest, although declining interest rates was the market's underlying support.

A reduction in the Prime lending rate to 15½ per cent by two major banks yesterday morning, however, was expected, analysts said, because the Prime is still out of alignment with other short-term rates and should be even lower.

Ogden gained $1 to $31½. The company plans to increase its dividend and expects higher 1980 earnings.

Alaska Interstate picked up $1¾ to $43¾. It expects significantly higher 1980 earnings. Union Carbide gained $1½ to $42.

Among active issues, Giddings and Lewis gained $2 to $26⅝ on volume of more than 264,000 shares.

THE AMERICAN SE Market Value Index moved up 1.24 to 261.57 at 1 pm on volume of 2.43m shares (2.38m).

Financial General Bankshares gained ⅞ to $23½. It believes the proposed tender offer for its shares by Credit and Commerce American Investment at $28.50 a share is "adequate."

Canada

Gold shares mainly declined, but Candian markets were otherwise inclined to move further ahead yesterday morning in active dealings. The Toronto Composite Index, after gaining 17.8 on Wednesday, added 6.2 at 1911.7 at noon. The Metals and Minerals Index rose 13.3 to 1772.1 and Oil and Gas 12.1 to 4130.9, but Golds retreated 46.7 to 2967.4. In Montreal, Utilities firmed 1.40 to 246.53, but Banks, up 5.40 the previous day, shed 1.14 to 345.38.

Calgary Power "A," the most active Industrial, gained C$½ to C$17 in 299,756 shares and Canadian Utilities C$½ to C$26½. Calgary Power plans a C$27 a share bid for up to 42 per cent of Canadian Utilities.

Among Gold shares, Dome Mines lost C$1½ to C$73, and Campbell Red Lake C$½ to C$38.

Tokyo

The market continued to show a firmer bias after the strong rally of the prior two days trading. However, buying attention was mainly concentrated yesterday on speculatives, with recent front-runners such as Oils, Trading Houses and Light Electricals generally softening on profit-taking.

The Nikkei-Dow Jones Average gained 14.71 more to 6,836.89, while business remained fairly active, amounting to 360m shares (330m).

Among the speculatives, Kyosan Seisakusho rose Y80 to Y379, Nippon Signal Y27 to Y613 and Miyaji Iron Works Y50 to Y1,510. Machine Tools also firmed, reflecting active domestic demand.

In contrast, Nippon Oil receded Y20 to Y2,080, Arabian Oil Y150 to Y3,300 and Teikoku Oil Y20 to Y1,380. Trading House Mitsui shed Y6 to Y349, while the Light Electricals sector had Sony down Y50 at Y2,030 and Pioneer Electronic off Y40 at Y1,890.

Canon, Y632, lost Y8 of Wednesday's rise of Y21, but Yamaha Motor added Y8 at Y876 for a two-day gain of Y21.

Germany

The market showed signs of improvement after the recent easier trend, with the Commerzbank Index recovering 2.2 to 703.1.

Daimler, which has been a strong exception of late, advanced DM3.50 further to DM267.00 in response to higher profits and a forecast 10 per cent increase in 1980 sales. Elsewhere in Motors, Mercedes firmed DM 1.20, but Volkswagen shed DM 1.30.

Conti-Gummi, which announced higher 1979 parent company net profits and expects to resume dividend payments in 1981, climbed DM 1.30.

Mannesmann, which reported reduced 1979 profits and turnover but expects a slight sales rise in 1980, hardened 50 pfennigs.

Among Stores, Horten rose DM 3.50 and Kaufhof DM 2, while Linde, in Engineerings, put on DM 2.50 and Bayer, in Chemicals, added DM 2.

Domestic Bonds again closed on a mixed note, recording gains of up to 40 pfennigs and losses extending to 20 pfennigs. The Bundesbank sold DM 12.6m of stock after sales of DM 5.2m on Wednesday. Mark Eurobonds were firm.

Australia

Stocks tended to improve in active trading, with Oils showing renewed firmness after Wednesday's setback on profit-taking. The Sydney All Ordinaries Index gained 4.31 to 525.34.

Southern Pacific Petroleum put on 50 cents to A$18.50, Hartogen Energy 10 cents to A$4.00, Vamgas 10 cents to A$5.40 and Woodside 5 cents to A$2.65, but Bridge Oil shed 10 cents more to A$3.75.

Leading Industrials with resources interests also advanced, with BHP, A$13.35, and CSR, A$5.80, reversing a recent downtrend and gaining 25 and 10 cents respectively. Coal and Allied added 20 cents more at A$10.40 and Comalco firmed 10 cents to A$5.60.

Herald and Weekly Times hardened 3 cents to A$2.25 ahead of news of increased first-half profits. Among Banks, ANZ gained 10 cents to A$4.60 and National 5 cents to A$2.50.

However, Australian Consolidated, up 20 cents the previous day on sharply higher profits, declined 8 cents to A$2.17.

In the Mining sector, Western Mining improved 7 cents to A$4.35, and Pancontinental 10 cents to A$6.00, but CRA receded 6 cents to A$5.20.

Hong Kong

Drawing encouragement from the better tone prevailing late on Wednesday, investors made selective purchases yesterday and took the market, as measured by the Hang Seng index, slightly above the 900 level to close 9.79 up at 900.77.

Among the leaders, Hongkong Bank put on 10 cents to HK$ 14.10, Hong Kong Land 20 cents to HK$ 11.40, Hutchison Whampoa 5 cents to HK$ 9.00 and Wheelock Marden "A" 8 cents to HK$ 4.35.

Elsewhere, China Light advanced 40 cents to HK$ 19.90, Green Island Cement HK$ 1.50 to HK$ 48.00, Hang Lung 20 cents to HK$ 10.60, Hopewell 20 cents to HK$ 11.40 and New World 7.5 cents to HK$ 3.975, but Hsin Chong lost 7.5 cents to HK$ 3.00 and Haeco 20 cents to HK$ 9.70.

Johannesburg

Gold shares mostly turned easier, but a few issues gained further ground on local interest.

Kloof, with output reduced by 20 per cent due to an underground fire at a mine, shed 75 cents to R31.00. East Driefontein also slipped 75 cents to R25.50, but FS Geduld climbed R2.50 to R55.00.

Mining Financials were narrowly mixed. Platinums declined, Rustenburg receding 30 cents to R5.05, but Coppers firmed and Industrials hardened in places.

Paris

Share prices tended to be firmer in quiet trading.

Closing prices for North America were not available for this edition.

COMMODITIES AND AGRICULTURE

Danes seek payment for fishing ban

By Hillary Barnes in Copenhagen

DANISH FISHERMEN want compensation from Britain for the losses they have suffered as a result of the ban on fishing in the so-called Norway Pout box. Mr. Laurids Tornaess, general secretary of the Danish Fishermens' Association, said the ban has caused Danish fishermen "colossal losses" and the demand for compensation will run into "millions of krone."

His statement follows the recommendation by the EEC Advocate General to the judges of the European Court to rue that Britain's unilateral fisheries restriction measures are illegal.

"In view of the fact that the Advocate General refers to Danish losses, we shall try to establish that Britain has an obligation to pay compensation," said Mr. Tornaess.

Our Commodities Staff writes: The Danish call for compensation is reminiscent of a similar claim for £20m by Mr. Peter Walker, the UK Agriculture Minister, over the French ban on UK lamb imports which was declared illegal

No action was ever taken on that claim, however. The Government was informed that compensation claims arising out of European Court rulings could be pressed only by individuaes not Governments and no individual British lamb exporter came forward to institute a test case.

Commenting on the Danish claim, the British Fishing Federation said any losses suffered by the Dane's because of the Pout Box ban were insignificant compared with the value of their "illegal" catches in British waters.

EEC rules 'not to blame' for beetle outberak

A GOVERNMENT Minister told farmers yesterday there was no connection between the current outbreak of Colorado beetles in Britain and the acceptance of new EEC plant health regulations from May 1.

Lord Ferrers, Minister of State for Agriculture, met Mr. C. J. Harrison, chairman of the National Farmers' Union's potatoes committee, and other NFU representatives yesterday and told them that while the new regulations meant the end of Britain's seasonal prohibitions on potato imports it should be remembered that the beetles had come in on spinach, not potatoes.

Australia allows limited grain sales to Russia

BY PATRICIA NEWBY IN CANBERRA

GRAIN MARKETING organisations in Australia have been granted Government approval to sell a limited proportion of their 1980-81 crop to Russia.

Mr. Peter Nixon, Minister for Primary Industry, said approval would be granted for grain exporting groups to ship up to 25 per cent of the volume of the 1979-80 trade with Russia.

However this is on condition that the marketing organisations can demonstrate that it is normal practice for them to make sales from the coming crop at this time of year.

Australia agreed in January not to take up any of the shortfall caused by the U.S. decision not to ship 17m tonnes of grain to the Soviet Union in retaliation for the invasion of Afghanistan.

But Australian grain marketing groups have been pressing the Government to clarify the difference between picking up the shortfall and normal sales. Australia sold 2.2m tonnes of wheat and 1m tonnes of barley to the Soviet Union last year.

Barley and other coarse grain sales are usually contracted at this time of year and wheat sales from the coming 1980-81 crop would normally be negotiated from next month.

Mr. Nixon's decision follows a meeting in Canberra two weeks ago with representatives of grain exporting organisations who very forcefully put the view that forward sales for 1980-81 were being jeopardised by the embargo on the Soviet Union and the threatened embargo on trade with Iran.

Mr. Nixon is a member of the National Country Party which rules in coalition with Malcolm Fraser's Liberal Party. The Country Party is in general opposed to trade sanctions of any kind, but especially in primary products, because of the disruption caused to Australian producers.

The government decided earlier this week to ban all non-food trade with Iran. Australia's exports of live sheep, meat and wheat were not affected.

The decision to allow 25 per cent of last year's volume of sales to be contracted with the Soviet Union is an interim measure.

The government will receive a report this weekend from Australian officials who attended the meeting in Brussels earlier this week of grain exporting nations and the government's detailed policy on grain sales to the Soviet Union will probably be announced early next month.

Mr. Milton Taylor, acting president of the Wheatgrowers Federation, said that while the 25 per cent limit did not go as far as the industry would like, it would at least allow the grain market to get moving again.

He said it was of paramount importance that the way be cleared for all grain marketing organisations to proceed with sale of the 1980-81 harvest.

Our Commodities Editor writes: The softening of the hard line adopted by Australia, which was among the staunchest supporters of the U.S. grain embargo, reflects increasing concern among exporters about their future sales policies.

The Soviet Union is an important potential outlet for large sales, possibly under long-term agreements, and the rest of the world market has become increasingly competitive with the U.S. seeking to make up the lost Russian sales.

Argentina is taking advantage of the situation to boost its grain exports to the Soviet Union substantially. Earlier *this week Thailand also* confirmed it had sold a large quantity of maize to Russia.

Tin producer cartel warning

BY WONG SULONG IN KUALA LUMPUR

KUALA LUMPUR-Malaysian tin producers have warned of the prospect of a producers' cartel if negotiations for the Sixth International Tin agreement are not successful.

The warning came from Mr. Rahim Aki, president of the Malaysian Chamber of Mines, at the Association's annual meeting here.

Commenting on the collapse of the recent negotiations between tin producing and consuming countries in Geneva, he said he saw little prospect of success for the reconvened negotiations because of the wide differences between the two sides over key issues as export control, price raneg nad U.S. stockpile releases.

The current tin agreement expires in July next year, and in th event of a new agreement not reached, Mr. Rahim said producers should form their own organisation to operate the buffer stock.

Such an organisation could also take over the London-based tin research institute so as to combine the functions of maintaining the mechanism for price stability and providing technical services.

Mr. Rahim's warning is apparently made to shore up the bargaining position of tin producers, but it also reflects the increasing frustrations of Malaysia towards the hard-line position of the U.S.

Referring to the U.S. demand for the abolition of export controls in the Agreement, Mr. Rahim said producers view this power as the last resort in the maintenance of price stability and its retention was regarded as "sacrosanct."

Silver at nine-month low

SILVER prices dropped to the lowest level since August last year on the London market yesterday. It is now virtually back down to the starting point of the "boom" that took the market up to an all-time peak of over £21 an ounce in January this year.

The London bullion market spot quotation for silver yesterday morning was cut by 49.7p to 467.80p a troy ounce and the market came under renewed pressure in the afternoon.

The decline in gold helped depress silver. But the main influence remains the outstanding commitments held by the Hunt brothers. The market was unsettled by a statement by Mr. Paul Volcker, chairman of the U.S. Federal Reserve Board, that the $1bn bank loan, being arranged to help the Hunt family pay their silver debts, had not yet been compleied.

This aroused new concern about the proposed sale of outstanding commitments.

Sugar price upsurge resumed

By Richard Mooney

WORLD SUGAR values recovered strongly yesterday as the speculative selling which was responsible for the downward reaction earlier this week dried up. On the London futures market the August position climbed £20.30 to £361.75 a tonne, but was still well short of the 5½-year high of £379 a tonne reached last week.

Dealers said the upsurge was encouraged by rumours that Mexico had bought about 150,000 tonnes of white (refined) sugar in the past few days which persisted despite an overnight denial from Mexico City.

A Mexican sugar industry official also denied his country was planning to buy a further 350,000 tonnes to bridge a sugar supply shortage. The Mexican oGvernment said a month ago that it would need to import about 500,000 tonnes of white sugar.

Thailand's leading sugar exporter has formally declared force majeure on shipments of sugar totalling 50,000 tonnes which it had contracted to sell to foreign buyers. Sugar dealers said they expected the company, the Thailand Sugar Trading Corporation, to make similar declarations about another 150,000 tonnes of sales later this week.

The move follows the Thai Government's suspension of sugar exports because of domestic shortage resulting from ...drought ...conditions which hit the country's crop.

South African crop down

By Quentin Peel in Johannesburg

LATEST FORECASTS for South Africa's drought-hit sugar crop put likely production at some 18 per cent below last year's level — a shortfall of some 380,000 tonnes — but officials insist that they will still be able to meet export commitments.

The crop forecast for the 1980-81 season is put at 1,700,000 tonnes, compared with 2,080,000 tonnes last year. Domestic consumption is expected to rise from 1,082,000 tonnes in 1979 to 1,163,000 tonnes this year.

The South African Sugar Association is aiming to export some 750,000 tonnes of sugar in 1980 by drawing on stocks carried over at the end of the last season, said Mr. David Hardy, export market manager.

No spring in the lamb market

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

IT IS always said that a lamb needs to be roasted twice: the first time by the sun. This has been happening this year with the result that I made the first "draw" of the older lambs born in the last week of February at the end of last week. Their weight and condition were surprising in view of the fact that they are grazing very sparse herbage indeed. But what there is undoubtedly suits them.

The hot dry weather inhibits the development of nematodes and other pests, and the grass itself contains very high dry matter and food value. This, in fact, has been the only benefit from the drought which, should it continue far into June, will become very serious indeed.

To digress for a moment from sheep. I can remember a rather similar time in 1955 when I took over a farm where the spring barley acreage at the end of May looked to be only fit to plough up, as much of it does in some areas today. I remember driving over this barley at the end of May and the car left hardly any wheel marks at all. I took a chance and top-dressed it with nitrogen. There were a series of heavy thunderstorms in the first week of June, and the crop recovered and yielded well. But it was a near thing.

Although the lambs are thriving at the moment, this can only go on for a limited period. Cattle need much longer grass to sustain them, and in many areas farmers are having to sacrifice their conservation fields for current feed. This will mean a reduction in hay and silage for next winter, which could be very serious indeed — as serious as the effects on arable crops to which David Richardson referred last week. This week's rain, while welcome, has not been anything like sufficient countrywide to help the situation.

However, although the lambs are doing well, the prices have fallen below those being achieved last year when for my first "draw" I received the equivalent of £2.20 per kilo carcase weight. Last week I received £1.85 a kilo and this price is bound to be reduced this week as more supplies come on the market. In fact this price has been supported by the deficiency payment which provides the difference between the average market price and the target price for the week. In this case the target price was 161.9p a kilo and the average price 139p leaving a deficiency payment of 21p.

The average price covers both new season lamb and hoggets—in reality mutton sheep—and there is a wide differential between the two. Lambs probably average about 165p on the market and hoggets around 125p per kilo. Because of this lambs do attract the subsidy as well as a much higher market price. Last year there was no subsidy at this time but supplies were much lower. Numbers slaughtered at the beginning of May this year were up by more than 50 per cent over last year.

Selling lambs is always a difficult business, the price tends to fall as numbers increase and it is a matter of fine judgment whether to sell or to wait un' the animal's weight increases. In my experience the price falls faster than can be compensated by weight gain and once lambs are fit to kill there is no real point in keeping them much longer.

The end result of this year's first "draw" is that the 35 lb lambs which last year made £35 will return just under £30. A deficit which if it persists right through the season will more than nullify the effect of a much better lambing this spring.

What it means is that sheep farmers will have to make do with prices dependent on the guarantee, which for this year will be no more than 11 per cent up on last year's level. There has been virtually no increase on the wool price. Against this must be set an increase in costs of around 17 per cent for most inputs.

This will increase the pressure on Peter Walker to try and get an entry into the French sheep market even at the cost of a Community regime and a "mountain" of frozen lamb. The French market at the moment is weak and likely to fall to the extent that imports are stopped altogether. There are, I believe, no real hopes in that direction.

In fact overall there is a very dull market for sheep meat. Consumption is declining slowly and any real surge of supplies is likely to cause a very pronounced price fall. There are a variety of explanations but the probability is that the economic recession is beginning to bite at consumer expenditure.

In contrast to lamb the pork trade is quite healthy in spite of there being no "R" in the month. But with pork prices running at two thirds those of lamb it seems obvious that the housewife is finding it a better buy.

Should this trend continue there is every probability that the flocks will retreat to the marginal areas as they have in France and other European countries leaving the better land to more productive farming systems.

Coffee higher, but cocoa falls again

BY OUR COMMODITIES STAFF

THE DECLINE in coffee prices over the past week was reversed yesterday with the July position on the London futures market gaining £30 to £1,747.5 a tonne.

Dealers attributed the rise to buying on behalf of the Bogota producer group, coupled with concern over declining temperatures in Brazil's growing areas. With the Brazilian frost season approaching traders are determined not to be caught should the Brazilian weather suddenly turn for the worse over the long bank holiday weekend.

On the London cocoa market, however, the recent decline continued with the July quotation establishing a new four-year low of £1,096.5 a tonne. The market showed signs of steadying in the morning, in reaction against the recent sustained sell-off, but prices fell away again in the afternoon.

Some traders thought the market was due for a technical rally following the £140 fall of the past two weeks and it was also suggested that news that Brazil and the Ivory Coast were each to put $42m into a cocoa price support fund encouraged the early rise.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Moved narrowly in quiet trading on the London Metal Exchange. After opening around the £907 level forward metal eased to £905 around the opening of New York markets but recovered to touch £910 before closing the late kerb at £908. Turnover 19,325 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	878.5	+.75	881-3	—1.5
3 months	905.5-6	—.25	909.5-10	+1.25
Settlem't	878.5	+.5	—	......
Cathodes		......		
Cash			802-3	+.5
3 months	856-7	—4.5	887-8	—.5
Settlem't	884-5	—3	—	......
U.S. Prod	857	—5	*90-96.25	......

Amalgamated Metal Traders reported that in the morning cash wirebars traded at £878, 78.5, thre months £908, 7, 8, 5, 4, 5, 6, 5, 5.5. Cathodes, cash £858, 58, htre months £884. Kerb: Wirebars, three months £906, 5, 6. Afternon: Wirebars, three months £905, 6, 7, 6.5, 6, 8, 10, 9.5, 9, 9.5, 10. Cathodes, cash £862, three months £888. Kerb: Wirebars, three months £908, 7, 8.

TIN—Barely changed on balance. Forward metal held steady around the £7,400 level during the morning with the price sustained by the firmness of the Penang market. In the afternoon, however, the market fell away under long liquidation which pared forward metal to £7,355 at the close. Turnover 625 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7410-20	—30	7400-20	+37.5
3 months	7410-30	—20	7400-20	+20
Settlem't	7420	—30	—	......
Standard				
Cash	7385-40	—82.5	7375-90	+10
3 months	7385-90	—38	7375-80	......
Settlem t	7400	—50	—	......
Straits E.	‡$2200	+25	......	......
NewYork	—	......	—	......

Morning: Standard, three months £7390, 80, 90. High Grade, cash £7430. Kerb: Standard, three months £7390. Afternoon: Standard, three months £7390, 80. Kerb: Standard, three months £7375, 55.

LEAD—Down again following further U.S. and hedge selling. Forward metal fell from £340 on the early pre-market to £333 on the morning kerb but staged a minor rally in the afternoon when the price moved up to close [illegible]. Turnover 20,250 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£		
Cash	326-7	—7	[illegible]	[illegible]
3 months	344-5	—5.25	[illegible]	[illegible]
S'ment	327	—7		
U.S. Spot	—	......	[illegible]	

Morning: Casah £328, 26, [illegible] months £339, 38, 37, 36, 35, [illegible] 34. Kerb: Three months £[illegible] 35.5, 36. Afternoon: Three months [illegible] 38, 37, 36, 35. Kerb: Three months £338, 37, 36, 35, 36, 37.

ZINC—Firmer on balance. Forward metal eased to £313 during the morning mainly reflecting lack of interest, but recovered strongly in the afternoon in the wake of U.S. Commission house buying to touch £320 before closing at £317.5. Turnover 17,975 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£		
Cash	302-3	—3.5	[illegible]	[illegible]
3 months	313.5-4	—3	[illegible]	[illegible]
S'ment	303	—4		
Primw'ts	—	......	[illegible]	

Morning: Three months [illegible] 14, 13.5. Kerb: Three months [illegible]. Afternoon: Three months [illegible] 15, 16, 17, 18, 19, 20, 19. Kerb: Three months £319, 17.

ALUMINIUM—Easier. After falling away to £733 reflecting the decline in gold an dsilver and the further gain in sterling forward metal attracted some fresh buying demand and rallied to end the late kerb at £745. Turnover 10,075 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£		
Spot	735-6	—17.5	74[illegible]	[illegible]
3 months	735.5-6	—11.7	74[illegible]	[illegible]

Morning: Three months £7[illegible] 37, 38. Kerb: Three months [illegible] 39, 40. Afternoon: Three months [illegible] 38, 39, 40, 42, 41, 42, 43. Kerb: Three months £743, 44, 43, 42, 40, [illegible]

NICKEL—Lost ground reflecting lack of interest with forward metal easing from £2,715 in the morning to £2,695 on the late kerb. Turnover [illegible]

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2620-5	+5	269[illegible]	[illegible]
3 months	2720-1	+5.5	269[illegible]	[illegible]

Morning: Three months £2700, 10, 15. Afternoon: Cash £2605, three months £2710, 05, 2695.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

COMPANY NOTICES

GEORGE ARMITAGE & SONS LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER REGISTERS for 5% FIRST CUMULATIVE PREFERENCE SHARES and 10½% SECOND CUMULATIVE PREFERENCE SHARES will be CLOSED from the 17th to the 30th June 1980, both dates inclusive.

By Order of the Board,
N. G. A. FOWLER, Secretary.
Robin Hood, Wakefield, West Yorkshire, WF3 3BP.

E. I. D.-PARRY (INDIA) LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed from the thirteenth to twenty-seventh June 1980, both days inclusive. Annual General Meeting to be held on twenty-seventh June 1980.

By Order of the Board,
C. F. FEATHERSTONE.
London Registrar.

FOOD PRICE MOVEMENTS

	May 22 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,230	1,230	1,230
British A.1 per ton	1,200	1,200	1,180
Ulster A.1 per ton	1,200	1,200	1,180
BUTTER†			
NZ per 10 kg	15.50/15.61	15.50/15.63	15.50/15.63
English per 10 kg	18.97	18.97	—
Danish salted per 10. kg	19.43	19.43	19.43
CHEESE‡			
English cheddar	—	—	1,545
Irish cheddar	1,629.80	1,620	—
Danish cheddar	1,480	1,480	1,480
EGGS*			
Home produced:			
Size 4	3.90/4.15	4.15/4.40	4.35/4.60
Size 2	4.85/5.20	4.90/5.00	5.10/5.40
	May 22 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	67.0/73.0	68.0/73.0	69.0/74.0
Eire forequarters	46.0/49.0	46.0/49.0	48.0/51.0
LAMB			
English	—	—	—
NZ PLs/PMs	—	61.0/62.0	60.0/62.0
PORK			
All weights	38.0/50.0	40.0/50.0	37.0/50.0
POULTRY			
Oven-ready chickens	41.0/45.0	40.5/45.0	39.0/48.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ 20-kg rindless blocks delivered, per tonne.

COCOA

Cocoa futures were barely steady throughout a quiet day as prices traded uncertainly within a £15 range. Physical business was scant as consumers withdrew although rumours of further producer selling persisted, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
May	1080-86	......	[illegible]
July	1096-97	—3.0	[illegible]
Sep	1107-09	—7.0	[illegible]
Dec	1156-57	—5.5	[illegible]
March	1190-92	—5.5	[illegible]
May	1214-20	—4.5	[illegible]
July	1231-49	—11.5	[illegible]

Sales: 3,238 (5,245) lots of 10 tonnes.

COFFEE

After opening marginally lower Robustas maintained a steady tone throughout an active day, reports Drexel Burnham Lambert. With [illegible] type support emerging in the afternoon values rallied sharply to [illegible]

cord gains of £35-£40 during the closing call before late profit taking took prices just off their daily highs.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
May	1688-89	+16.5	1621-1674
July	1746-49	+30.0	1750-11
[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL

The London market opened around unchanged but with selling pressure on nearby June prices drifted in a quiet trade, reports T. G. Roddick. Prices remained on the defensive with little cash interest and closed with losses of £2.00 to 50p.

[illegible]

GRAINS

[illegible]

SUGAR

[illegible]

RUBBER

[illegible]

SILVER

[illegible]

WOOL FUTURES

[illegible]

COTTON

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

AMERICAN MARKETS

NEW YORK, May 22.

A FIRMER tone to gold and commission house shortcovering when Chase Manhatant Bank lowered its prime rate rallied copper prices. Sugar advanced the daily limit on reports of a force majeure on 50,000 tonnes of sugar exportsb y Thailand. Coffe was higher in reaction to a forecast for cooling temperatures in Brazil's coffee growing [illegible]

518.5, Sept. 527.0-526.0, Oct. 530.5, Dec. 538.0-540.0, Jan. ——, March 551.8.

Live Cattle—June 65.20-65.10 (63.95), Aug. 65.30-65.20 (64.02), Oct. 63.85-63.75, Dec. 64.75-64.65, Jan. 65.50, Feb. 65.70-65.55, April 66.15-66.10.

Live Hogs—June 33.25-33.35 (33.55), July 34.85-35.00 (34.85), Aug. 34.50-34.60, Oct. 35.70-35.65, Dec. 39.00, Feb. [illegible]

[illegible]

EUROPEAN MARKETS

ROTTERDAM, May 22.

Wheat—U.S. No. 2 Red Winter June $186, July $185, Aug. $186, Sept. $188. *U.S. No. 2 Northern Spring 14 per cent* May $202, June $199.50, July $201.50, Aug. $202.50, Sept. $204, Oct. $207, Nov. $209, Dec. $215.50. Rest unquoted.

Maize—Afl $139.50, May $139.50, June $138, July $139.50, Aug. $142, Sept. $144, Oct./Dec. $147, Jan/March $155.

Barley—May $138, June $139.

Soyabeans—U.S. No. 2 Yellow Gulf ports afloat $262.50, June/July $261.50, Aug. $264, Sept. $26[illegible]8.25, Oct. $269.50, Nov. $269.75, Dec. $275, Jan. $279, Feb. $284.75, March $287, seller. Argentina June $256.30, July $257, Aug. $260.50, Sept. $265 sellers.

Soyameal—44 per cent protein U.S. afl. $221, May $222, June $223, July $224, July/Sept. $226, Nov/March $240; Brazil Pellets afl. $226, June $226, July $228.50, Aug. $230, Nov./March $249.50.

PARIS, May 22.

Cocoa (FFr per 100 kilos)—May unquoted, July 1065, Sept. 1065-1072, Dec. 1100-1110, March 1140, May 1150. Sales at call 2.

Sugar (FFr per 1100 kilos)—July 3260-3290, Aug. 3161-3391, Oct. 34151-3425, Nov. 3390, Dec. 3496-3505, March 3550-3600, May 3590, July 3600. Sales at call 6.

INDICES

FINANCIAL TIMES

May 21	May 20	M'nth ago	Year ago
271.30	270.40	278.74	278.43

(Base: July 1, 1952=100)

MOODY'S

May 21	May 20	M'nth ago	Year ago
1101.2	1106.4	1116.6	1061.7

(December 31, 1931=100)

DOW JONES

Dow Jones	May 21	May 20	Month ago	Year ago
Spot	429.28	426.47	416.60	390.67
F'tur's	438.74	437.25	424.47	397.13

(Average 1924-25-26=100)

REUTERS

May 22	May 21	M'nth ago	Year ago
1703.5	1708.7	1686.9	1583.8

(Base: September 18, 1931=100)

5.80, 20 lb 2.80-3.20; Italian: Jonathans/Romes 40 lb 4.80-5.00. Pears—South African: Approx 34 lb Beurre Bosc 7.20-7.50, Packham's 8.30-8.80; Italian: Passacrassane 12 lb 2.00-2.10. Grapes—South African: Barlinka 6.80, Almeria 7.50. Strawberries — Per punnet, Italian: 0.35-0.40; French: 0.35; Belgian: [illegible]

4.20. Carrots—Dutch: 10 kg 3.60; Cypriot: 3.00; American: 48 x 1 lb 8.84; French: 26 lb 4.40. Cabbages—Dutch: White 2.40-2.60. Asparagus—Hungarian: Per bundle 0.80. Courgettes—French: Per pound 0.35.

English Produce: Potatoes—Per bag [illegible]

Top-name equities hit by adverse trading statements and 30-share index falls 5.1 to 426.5—Gilts mixed

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
May 12	May 28	May 30	June 9
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7

* "New time" dealings may take place from 9 am two business days earlier.

Equity markets lost early stability yesterday and closed widely lower following two top-name UK manufacturing groups reporting deteriorating current trading conditions. Government securities went better initially, extending Wednesday's upturn by ¾ in places, but recent foreign investment faded in the wake of a slightly easier pound. Domestic selling then revived and led to a mixed close.

The morning session in most equity sectors was slow and presented a basically firm undertone in an uneventful trade apart from early dealings in **Carpets International**; an initially unidentified concern, later confirmed as **Hong Kong Carpet Manufacturing**, increased its equity holding in CI from 4.9 per cent to about 29.9 per cent through purchases at 32p a share compared with the previous close of 21p.

Overall, however, an easier trend set in following the GKN chairman's remarks at the annual meeting about the effects of the steel strike, which will substantially reduce first-half profits, and the deterioration in the group's businesses serving the UK motor industry. Shortly afterwards, the ICI chairman's reference to narrowing profit margins in important parts of the group's business caused the downturn to quicken considerably.

The resulting double-figure falls in the two above-mentioned stocks coupled with sympathetic sharp losses in **Tube Investments** and **Lucas Industries** made an impact on the FT 30-share index which, after showing a loss of only 0.3 at 1.00 pm, closed 5.1 down at 426.5. Other index constituents were rarely more than twopence easier on the day.

The Government's firm stance on maintaining Minimum Lending Rate at its current level despite pleas for a reduction by the CBI and other sources, induced some domestic selling of Gilts. This served to erase early gains in the longs and produce minor losses among the shorts before sentiment improved after the official close on the latest falls in U.S. prime rates to 15½ per cent.

Traded options recorded 380 deals of which 105 were transacted in ICI on the first-quarter figures.

The third newcomer to the market in two days, **Oakwood Group**, opened at 91p, compared with the placing price of 83p, *but drifted lower to close at 87p.*

Merchant Bks. active

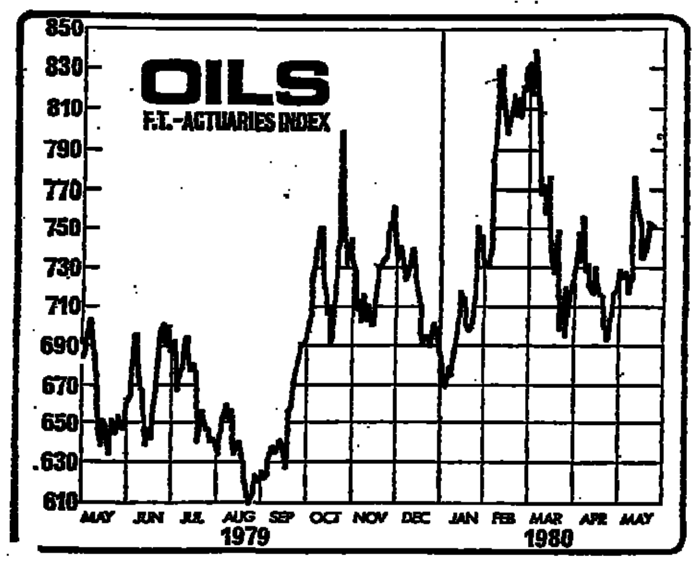
Interest in the banking sector centred on merchant banks following the early revelation that the Charterhouse Group is involved in discussions with Keyser Ullmann with a view to making an outright bid for the latter's share capital. Dealings in Charterhouse, 84p, and Keyser Ullmann, 70p, were suspended on the announcement, while others in the sector were supported on hopes that further bids may follow. A Press suggestion that Merrill Lynch, America's leading broking and investment house, is interested in acquiring **Hill Samuel** also fuelled a considerable speculative interest in the latter which, after touching 100p, closed a couple of pence harder on balance at 99p. **Hambros** added 5 to 382p and **Guinness Peat** improved a penny to 108p, while **Goode Durrant and Murray** ended a fraction harder at 22½p. Elsewhere, Discounts continued firmly with **Seccombe Marshall and Campion** up 5 at 220p, and **Alexanders** 3 dearer at 243p. Firmer conditions returned to the major clearers as **Barclays** put on 5 to 420p and **NatWest** added 3 to 318p. **Allied Irish** rose 6 to 104p on further consideration of the results.

Insurances tended higher with the exception of **C. E. Heath**, which fell 4 for a two-day relapse of 16 to 192p on further consideration of the chairman's warning that the group could be *in for another flat year.* A further assessment of the satisfactory interim figures prompted a fresh gain of 2 to 77p in **Stenhouse**, while **London United** added 5 to 148p. **Phoenix** hardened 2 to 216p; the first-quarter figures are due next Wednesday.

Breweries closed with moderate falls after a subdued business. Further consideration of the annual results clipped 3 from **Whitbread**, 148p, while **Bass**, interim next Wednesday, gave up 4 to 222p. **Greenall Whitley** eased 3 to 182p. **Morland** closed unchanged at 105p following the increased first-half profits and dividend.

Another quiet and drab day in the Building market left prices with scattered small losses, *falls of 2 being marked against* Costain, 134p, UBM, 67p, and Ibstock Johnsen, 64p. Against the trend, support was forthcoming for **Tunnel "B,"** which advanced 6 to 210p while, still reflecting favourable Press mention, **Burnett and Hallamshire** *advanced afresh to 620p* before closing a net 5 dearer at 615p.

First-quarter figures mid-way between recent market estimates accompanied by a warning of much more difficult trading conditions and of narrowing profit margins caused selling of **ICI** which fell away to close around the day's lowest with a loss of 12 at 362p.



Stores quiet

Leading Stores continued to attract only minimal interest. **Debenhams** announced preliminary profits towards the lower end of market estimates and ended a penny better at 67p. **GUS "A"** added a couple of pence to 394p, and other majors also hovered around the overnight positions. Selected secondary issues attracted a better business than of late with particular interest being shown in **Combined English**, 4 better at 35p. **Home Charm**, a dull market recently on the chairman's profit warning, rallied 4 to 106p, but support was again lacking for **Harris Queensway** and **Owen Owen**, down 2 at 166p and 122p respectively, while **Lee Cooper** fell 7 for a two-day loss of 23 at 225p.

Newman Industries gained 5 to 45p following the announcement *that London and European* Group had acquired a near-15.4 per cent stake in the company and had requested a meeting with the Board of Newman to discuss the matter. Elsewhere in the Electrical sector, **Fidelity Radio**, a depressed market of *late, rallied on bear closing to* 47p following the preliminary results before closing a penny better on balance at 44p. Renewed support lifted **Dubilier** 2 more to 51p, while **Whitworth Electrical** were also noteworthy for a similar gain at 24p. Among the leaders, **GEC** eased 4 to 365p, but **Thorn EMI** became a steadier market at 210p, up 2.

The chairman's warning of a substantial fall in first-half trading profits compared with the same period of 1979 prompted marked weakness in **GKN** which fell away steadily to 240p before closing a few pence off the bottom at 242p for a fall of 15 on the day. Sympathetic losses of around 10 were recorded in **Lucas**, 206p, and **Tubes**, 250p, while **Smiths Industries** eased 4 to 208p. Other leading Engineers held up relatively well, but the overall tone was not helped by gloomy statements on prospects from **Brockhouse**, 4 cheaper at 37p, and **Delta Metal**, a similar amount lower at 53½p. Against the trend, **Chamberlin and Hill** responded to good preliminary results with a rise of 7 to 47p.

Among Foods, **Cadbury Schweppes** eased a couple of pence to 57p following the chairman's comments at the annual meeting about current UK trading. **Tate and Lyle** shed a few pence to 132p, while **RHM** eased a fraction to 45p. **Northern**, on the other hand, picked up a couple of pence to 128p, while speculative attention was again directed towards **Robertson**, *4 up for a two-day* gain of 9 at 131p. An outstanding late feature was provided by **J. N. Nichols (Vimto)** which jumped 17 to 290p in response to the increased full-year earnings and more-than-doubled dividend.

Dundonian below best

Numerous features were to be found in miscellaneous industrials yesterday. **Dundonian** closed a couple of pence below the best but still 5 up at 74p on buying in front of today's preliminary results, while investment support was evident for **Hanson Trust** which finished 6 dearer at 155p, after 156p; the interim results are due on June 11. **William Press**, on the other hand, relinquished 3 to 26p following the near-47 per cent contraction in annual profits, while **Letraset International** fell 7 to 119p on disappointment that the Board made no profits forecast in its share incentive and option scheme statement. Still reflecting the chairman's annual meeting warning that results for the first-half of the current year will not be encouraging, **Bridon** eased 2 for a two-day decline of 9 at 57p. A firm market of late in response to the higher profits and proposed 200 per cent scrip-issue, **Holt Lloyd International** encountered profit-taking and dipped 6 to 230p, while **Kelsey Industries** cheapened 3 to 123p ahead of next Tuesday's interim figures. The leaders were subdued and undecided following ICI's first-quarter statement. **Boots**, however, hardened 2 to 189p, after 190p, in response to the preliminary profits which came in line with general expectations. **Reed International**, results due June 3, improved 3 to 178p, but **BOC International** softened 2 to 64p after comment on the interim figures.

Adverse Press comment unsettled Motor Distributors which closed with falls to 6. **Harold Perry** lost that amount to 122p, while **Henlys**, 74p, **Hartwells**, 61p, and **Dorada**, 50p, all eased 3. **ERF** gave up 4 more to 70p, but **York Trailer** continued to recover and added a penny to 24p. Among Components, **Dunlop** turned easier and shed a couple of pence to 71p, while annual profits from **Associated Engineering** proved to be below market expectations and the close was 2½ lower at 57½p.

Properties passed a quiet session and the tone at the close was mixed. **Lynton**, 196p, and **McKay Securities**, 150p, improved 4 and 5 respectively, while **Chesterfield** gave up 4 to 328p and **Percy Bilton** receded 3 to 205p.

Oils mixed

Against the general setback in equity markets, interest in the Oil sector faded considerably yesterday. Among the leaders, **BP** fluctuated narrowly before settling without alteration at 336p, while **Shell** drifted a few pence easier to 376p. **Tricentrol**, 348p, and **Ultramar**, 348p, gave up 6 and 4 respectively. The more speculative issues took on a mixed appearance. **Carless Capel** were a volatile market and touched 123p before closing only 2 lower on the day at 128p. **Candecca**, on the other hand, weakened 7 to 132p, but fresh support lifted **Steaua Romana** 8 to 31p, while **Cluff** firmed 15 to 370p.

Trusts recorded scattered small losses while, in Financials, **Robert Kitchen Taylor** eased 7 to 158p.

Golds easier

South Africans lost ground for the first time in seven trading days as the bullion price fell $12 to $502 an ounce.

The market opened a fraction easier and continued to drift throughout the day owing to modest local and overseas selling and the absence of any significant support. Consequently, the Gold Mines index fell 2.3 to 308.3.

Financials followed a similar pattern to Golds. Among the South Africans, **De Beers** encountered persistent selling from Johannesburg although this was partly met by good London support; the shares ended 11 off at 385p. **Anglo American Corporation** relinquished 10 to 540p, **"Amgold"** ¼ to £34 and **General Mining** 15 to 730p.

London Financials suffered from lack of interest and tended to drift lower. **Selection Trust** gave up 12 to 640p, **Gold Fields** 5 to 454p, **RTZ** 3 to 352p and **Charter** and **Tanks** 2 apiece to 144p and 265p respectively.

Australians generally closed a shade firmer, but trading was at a low level. Among the leading base-metal stocks **MIM Holdings** rose 6 to 206p. **Conzinc Riotinto**, however, dropped 8 to 256p on profit-taking. Persistent local interest lifted **Northern Mining** 3 to 123p.

Of the more speculative issues, **Jones Mining** put on 3 to 15p.

FINANCIAL TIMES STOCK INDICES

	May 22	May 21	May 20	May 19	May 16	May 15	A year ago
Government Secs.	67.54	67.58	67.42	67.61	67.76	67.67	75.01
Fixed Interest	68.02	68.00	68.04	68.08	68.10	68.02	75.23
Industrial	426.5	431.6	433.6	433.6	435.7	437.8	511.6
Gold Mines	308.3	310.6	308.9	308.2	304.8	302.1	182.1
Ord. Div. Yield	8.34	8.22	8.19	8.18	8.12	8.06	6.79
Earnings, Yld. % (full)	20.34	20.05	19.96	19.94	19.81	19.66	15.55
P/E Ratio (net) (*)	5.97	6.05	6.08	6.09	6.13	6.17	8.25
Total bargains	17,449	17,623	17,907	18,223	17,138	18,498	—
Equity turnover £m	—	96.30	83.36	10.892	81.65	92.96	84.14
Equity bargains total	—	12,671	11,937	14,171	11,218	13,818	12,945

10 am 431.7. 11 am 430.3. Noon 430.5. 1 pm 431.3.
2 pm 426.7. 3 pm 426.6.

Latest Index 01-246 8026.

*Nil=5.59.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

S.E. ACTIVITY

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (31)

NEW LOWS (65)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	18	28	46
Corpns. Dom. and Foreign Bonds	6	—	60
Industrials	117	293	989
Financial and Prop.	80	79	343
Oils	13	18	19
Plantations	4	3	19
Mines	22	59	74
Others	24	57	60
Totals	278	535	1,610

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer
BP	330	30	—	42
BP	360	17	7	30
Com. Union	140	3	3	9
Courtaulds	60	12½	—	15½
Courtaulds	70	5	—	7½
Courtaulds	80	2	6	4
GEC	330	49	—	61
GEC	360	28	18	41
GEC	390	11	30	24
Grand Met.	120	11	—	16½
ICI	330	46	10	56
ICI	360	19	38	33
ICI	390	8	—	17
Land Secs.	330	18½	5	34
Marks & Sp.	80	10½	4	15
Marks & Sp.	90	4½	16	8½
Shell	360	26	6	40
Totals			143	

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Clyde Petroleum	£1	10	550	—	590	313
ICI	£1	9	362	−12	402	353
RTZ	25p	7	352	− 3	485	327
LASMO	25p	6	638	− 7	665	337
Shell Transport	25p	6	376	− 2	410	314
Anderson S'clyde.	25p	5	72	− 1	75	56½
Assoc. Dairies	25p	5	172	—	192	160
Beecham	25p	5	112	− 1	134	111
Berec	25p	5	102	—	122	80
Boots	25p	5	189	+ 2	198	158
Britannia Arrow	25p	5	25½	+ 1½	28	20½
BP	25p	5	336	—	412	320
De Beers Defd.	R0.05	5	385	−11	553	368
Dunlop	50p	5	71	− 2	74	51
GEC	25p	5	365	− 4	388	326

OPTIONS

DEALING DATES

First Dealing	Last Dealing	Last Declaration	For Settlement
May 19	Jun. 6	Aug. 28	Sept. 8
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6

For rate indications see end of Share Information Service.

Call options were dealt in Bath and Partland, Lee Cooper, KCA, P & O Deferred, Petbow, Dunlop, Coutaulds, LRC, Coral Leisure, Carless Capel, FNFC, Ultramar, Premier Oil, ICL, Ward White, Oil Search, BSG, Lasmo and Silvermines. Puts were arranged in FNFC and Premier, while doubles were transacted in P & O Deferred, Lasmo, Coral Leisure and FNFC.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	45.5	49.0	-0.1	2.06
Abbey Capital	[illegible]	39.0	[illegible]	5.90
Abbey General	[illegible]	49.9	-0.1	[illegible]
Abbey Gilt & F.I. Tst.	105.7	111.3	+0.4	9.64
Abbey Income	40.9	44.2	.....	8.88
Abbey Intl. Bd. Tst.	94.0	99.5	-0.6	5.53
Abbey Inv. Tst. Fnd.	37.9	41.0	.....	5.09
Equitas Prog. Trust	69.0	74.6	-0.1	6.00

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	84.4	90.0	-0.4	13.04

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	75.3	80.6	.....	6.58
Brit. Inds. Fund	67.9	72.7	+0.2	6.96
Growth & Income	41.7	44.6	.....	5.65
Elect. & Ind. Dev.	36.8	39.4	+0.1	6.22
Allied Capital	76.7	82.1	.....	5.66
Hambro Fund	117.1	125.3	-0.1	6.48
Hambro Acc. Fund	144.3	154.2	+0.2	5.84

Income Funds

High Yield Fd.	64.4	68.9	-0.5	10.42
High Income	68.7	73.5	.....	8.90

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. May 9	200.6	213.9	.....	5.82

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.0	18.7	.....	7.89
Gt. Winchester O'seas	21.0	23.2	.....	4.75

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	68.1	73.2	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	72.4	76.2	.....	5.57

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	22.7	23.9	.....	1.00
Fixed Interest	24.7	26.1	-0.2	12.97
Growth + Income	29.5	31.1	.....	7.68
Special Sits.	29.3	30.9	.....	3.08

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	27.3	29.3	.....	2.50
Accum. Units	[illegible]	36.0	.....	2.50
J. Finlay High Income	31.4	33.7	.....	10.70
J. Finlay Euro.Fin.	21.2	22.8	.....	4.80
Accum. Units	24.5	26.4	.....	4.80
J. Finlay Fd.In.Tst.	32.9	35.4	.....	5.30
Accum. Units	40.6	43.6	.....	5.30

Prices on May 21. Next dealing May 28.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American May 19	50.0	53.4	.....	1.24
Am. T'around May 19	49.4	52.6	.....	2.00
Capital Tst.	52.2	55.9	-0.2	5.54
(Accum. Units)	53.0	56.6	-0.2	5.54
Extra Income Trust	47.0	50.2	-0.4	10.73
Income Tst.	35.8	38.2	-0.2	9.07
Int. Growth Fd.	42.2	45.0	-0.2	2.51
(Accum. Units)	46.0	49.0	-0.2	2.51

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

60	56½	Agric. Mt. 5pc '59-89	59½	......	8.68	13.10
79½	73½	Alcan 10½pc '89-94	79½	......	13.83	14.65
28½	25	Met. Wtr. 3pc 'B'	27¼	......	11.28	13.30
202	99	U.S.M.C. 9pc 1982	96	......	9.79	—
91	85½	Do. without Warrants	91	......	10.40	16.20

LOANS—Continued

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

245	185	Alexanders D. £1	243	+3	16.0	—	9.4	—
£76½	£56	Algemene Fl.100	£62½	-1	Q25%	1.9	8.1	6.7
360	290	Allen Harvey £1	360	......	21.5	—	8.5	—
128	98	Allied Irish	104	+6	Q8.93	—	8.6	—
17	13	Ansbacher (H.) 5p	16½	+¾	—	—	—	—
230	180	Arbuthnot L. £1	230	+2	†10.42	—	6.5	—
360	290	Bk. Ireland £1	295	+5	Q23.51	—	8.0	—
£162	£142	Do. 10pc Conv.	£142	......	Q10%	—	†7.0	—
*8	5	Bk. Leumi $0.1	6	......	Q11.4%	—	1.9	—
120	100	Bk.Leumi (UK)£1	120	......	8.57	—	10.7	—
178	157	Bk. N.S.W. $A1	140	......	Q16c	ϕ	6.0	ϕ
305	235	Bank Scotland £1	243	......	15.0	5.1	8.8	3.1
£201½	£16¼	Bankers N.Y.$10	£20½	+¼	Q$3.30	—	7.2	—

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[illegible]

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[illegible]

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Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
25	21	Acmex 50c	23	......	—	—	—
24	12	ACM 20c	15	......	—	—	—
86	52½	Bond Corp.	75	......	±Q2.8c	2.2	1.9
156	88	Bougainville 1 Kina	103	+3	±Q26.4c	♦	14.4
265	195	BH South 50c	200	......	♦—	—	—
25	11½	Canada Northwest	19	......	—	—	—
42	8	Carr Boyd 20c	26	......	—	—	—
£26	£15¼	Central Pacific	£24½	+¼	—	—	—
356	230	Conzinc Riotinto 50c	256	−8	Q15c	2.1	3.0
39	17	Cultus Pacific N.L.	31	......	—	—	—
50	20	Eagle Corp. 10c	28	−1	—	—	—
26¼	15¼	Endeavour 20c	20#	......	—	—	—
258	175	G. M. Kalgoorlie 25c	228	+2	†Q3c	—	0.7
46	15	Great Eastern	19	......	—	—	—
395	260	Hampin Areas 5p	370	......	3.5	2.8	1.4
53	30	Haoma Gold N.L.	50	+2	—	—	—
720	80	Leichardt Expln.	230	......	—	—	—
72	41	Metals Ex. 50c	56	......	—	—	—
312	187	M.I.M. Hldgs. 50c	205	+6	†Q36.1c	1.8	4.0
20	9	Minefields Expl. 25c	10	......	—	—	—
155	60	Mount Lyell 25c	70	......	—	—	—
28	15	Newmetal 20c	16	......	—	—	—
35	12	Nickelore N.L.	18	......	—	—	—
207	137	North B. Hill 50c	166	−4	†Q12c	1.4	3.8
80	44½	Nth. Kalgurli	60	−1	—	—	—
165	90	Nth. Mining Corp.	123	+3	—	—	—
50	24	N. West Mining N.L.	48	−1	—	—	—
235	144	Oakbridge $A1	172	......	Q12c	4.7	3.6
122	70	Oilmin N. L.	93	−2	—	—	—
230	128	Pacific Copper	190	......	—	—	—
465	255	Pancont'l 25c	290	......	—	—	—
78	42	Paringa M.&Ex. 5p	52	+1	—	—	—
495	335	Peko-Wallsend 50c	340	−5	tQ17.5c	♦	2.7
230	140	Seltrust A	144	......	—	—	—
£10¼	575	Southern Pacific	925	+13	—	—	—
75	31	Swan Resources 20c	50	......	—	—	—
13	8	West Coast 25c	8	......	—	—	—
264	177	Westn. Mining 50c	216	−1	†Q7c	1.6	1.8
30	10	Westmex	12	......	—	—	—
96	56	Whim Creek 20c	87	......	—	—	—
24	10½	York Resources	20	+1	—	—	—

Tins

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
25	14	Amal Nigeria 1p	16	......	t6.0	1.9	53.6
345	255	Ayer Hitam $M1	265	......	‡Q290c	0.9	‡
67	42	Beralt Tin	48	......	4.5	♦	13.4
190	149½	Berjuntai $M1	175	......	‡Q95c	1.0	‡
230	153	Geevor	210	......	8.71	3.1	5.9
11	10	Gold & Base 12½p	10½	......	—	—	—
400	310	Gopeng Cons.	375	......	†25.0	1.8	9.5
310	280	Hongkong	305	......	35.87	♦	16.8
105	90	Idris 10p	98	......	14.0	♦	21.7
15	14	Jantar 12½p	14	......	—	—	—
82	64	Kamunting $M0.50	78	......	Q47½c	1.1	13.7
450	300	Killinghall $M1	450	......	Q100c	♦	4.5
730	485	Malay Dredging $M1	730#	......	[illegible]	2.6	2.9
33	26	Pahang	28	......	0.44	0.3	2.3
108	90	Pengkalen 10p	92	......	6.0	1.3	9.3
290	230	Petaling $M1	275	......	Q150c	1.4	11.1
70	57	Saint Piran	65#	......	‡Φ2.5	6.4	‡
44	29	South Crofty 10p	29	......	‡3.0	2.0	‡
255	180	South Kinta $M0.50	250#	......	♦Q150c	1.0	12.2
450	340	Sthn Malayan $M1	450#	......	♦Q175c	2.1	7.9
295	215	Sungei Besi $M1	280	......	†Q520c	1.0	37.8
39	22½	Supreme Corp. $M1	38	......	hQ8c	—	4.3
100	94	Tanjong 15p	94	......	24.5	♦	6.8
95	80	Tongkah H. Tin	80	......	Q45c	1.3	12.6
275	220	Tronoh $M1	245	......	Q250c	♦	21.9

Copper

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
235	130	Messina R0.50	180xd	−4	mQ10c	♦	3.2

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
165	78½	Anglo-Dominion	165	......	—	—	—
97	57	Barymin	57	......	—	—	—
16	12	Burma Mines 10p	14	......	0.62	1.1	6.4
502	320	Cons. Murch. 10c	340	......	hQ100c	1.8	16.8
585	325	Northgate C$1	340	−10	—	—	—
485	327	R.T.Z.	352xd	−3	15.0	φ3.3	6.1
33	16	Robert Mines	25	+½	—	—	—
58	26	Sabina Inds. C$1	32	......	—	—	—
650	411	Tara Exptn. $1	415	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	29	......	Conv. 9% '80/82	£87⅞	......
Bertam	21	......	Nat. 9¾% 84/89	£75¾	+⅛
Bdg'wtr. Est. 50p	415	......	Fin. 13% 97/02	£83⅝	......
Clover Croft	60	......	Alliance Gas	43	......
Craig & Rose £1	£18½	......	Arnott	370xd	......
Fife Forge	34	......	Carroll (P.J.)	92	......
Finlay Pkg. 5p	18	......	Clondalkin	117	......
Graig Ship. £1	£14	......	Concrete Prods.	75	......
Higsons Brew	80xd	......	Heiton (Hldgs.)	34	−1
Holt (Jos) 25p	252	......	Ins. Corp.	240	−5
I.O.M. Stm. £1	180	......	Irish Ropes	60	......
Pearce (C. H.)	455xd	......	Jacob	37	+7
Peel Mills	40	......	T.M.G.	104	+4
Sheff. Refrshmt	103	......	Unidare	100	......
Sindall (Wm.)	155	......			

OPTIONS
3-month Call Rates

Industrials					
A. Brew	8	I.C.I.	32	Utd. Drapery	9
BOC Intl.	6	"Imps"	7	Vickers	14
B.S.R.	5	I.C.L.	45	Woolworths	6½
Babcock	12	Inveresk	5		
Barclays Bank	30	Ladbroke	15	**Property**	
Beecham	13	Legal & Gen.	14	Brit. Land	7
Blue Circle	25	Lex Service	10	Cap. Counties	9
Boots	17	Lloyds Bank	24	Land Secs.	25
Bowaters	16	"Lofs"	3½	MEPC	17
B.A.T.	25	London Brick	6	Peachey	13
Brown (J.)	7	Lucas Inds.	20	Samuel Props.	12
Burton 'A'	22	"Mams"	14	Town & City	2
Cadburys	5½	Mrks. & Spncr	9		
Courtaulds	8	Midland Bank	30	**Oils**	
Debenhams	8	N.E.I.	5	Brit. Petroleum	38
Distillers	21	Nat. West. Bank	32	Burmah Oil	28
Dunlop	5½	P & O Dfd.	9	Charterhall	12
Eagle Star	14	Plessey	14	KCA	11
F.N.F.C.	2½	Racal Elect.	20	Premier	12
Gen. Accident	21	R.H.M.	4½	Shell	35
Gen. Electric	30	Rank Org.	18	Tricentrol	35
Glaxo	40	Reed Intnl.	17	Ultramar	50
Grand Met.	12	Sears	5½		
G.U.S. 'A'	30	Tesco	7	**Mines**	
Guardian	23	Thorn	25	Charter Cons.	18
G.K.N.	22	Trust Houses	14	Cons. Gold	52
Hawker Sidd	16	Tube Invest.	27	Lonrho	12
House of Fraser	12	Unilever	40	Rio T. Zinc	35
		U.D.T.	6		

A selection of Options traded is given on the London Stock Exchange Report page

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FINANCIAL TIMES

Friday May 23 1980

Civil Service pensions inquiry team named

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT yesterday announced the members and wide-ranging terms of reference of an idependent inquiry into the value of public-sector inflation-proofed pensions and job security.

The inquiry, foreshadowed in the Chancellor's Budget speech, was announced yesterday by the Prime Minister, Mrs. Thatcher, in a written answer. The move reflects growing concern by Ministers at the benefits provided by the controversial schemes at times of high inflation.

Inflation-proofing operates through most of the public sector, including the Civil Service, the judiciary, nationalised industries, *local* authorities, the teaching profession and the police. There is no intention at present of withdrawing its benefits, which is seen as impractible *legally* as well as politically.

But Ministers believe their attempts to curtail wage demands and expectations, particularly in the public sector, means a thorough review is needed of inflation-proofing. The implication is that the 5¼m who benefit from inflation-proofed schemes should be charged more for the privilege.

The chairman of the inquiry will be Sir Bernard Scott, *chairman of Lucas Industries* and a director of Lloyds Bank, Boots, and Thomas Tilling. Other members will be Sir Alex Jarrett, chairman and *chief* executive of Reed International, Professor Harold Rose, group economic adviser to Barclays Bank Mr. Robert Macdonald, general manager and actuary and a director of the Scottish Mutual Assurance Society, and Mr. Gavin Laird, a member of the TUC General Council and of the executive of the Amalgamated Union of Engineering Workers.

Widespread doubts have been expressed about the valuation of the benefit of index-linking, and the Government wishes to explore whether the additional advantages provided can be adequately valued and translated into an appropriate level of contributions or reflected in pay settlements.

The terms of reference, as well as requiring an assessment of the value of inflation-proofing, asks the inquiry to consider the degree of security enjoyed by public sector employees compared with those in the private sector, and to suggest what methods of valuation would take these factors into account in determining pay.

Philip Bassett, Labour Staff, writes: Mr. Bill Kendall, secretary-general of the Council of Civil Service Unions, accused the inquiry of being "deliberately biased" against the public sector. But the Civil Service had nothing to hide, he said. The facts were known and published and "the truth will prevail."

The report of the Government Actuary's calculations on the adjustment made to civil service pay to take account of the differences in superannuation benefits between the Civil Service pension scheme and those of outside industry was also published yesterday.

The difference, which is not a measure of the value of Civil Serivce superannuation benefits or of the value of index-linking, was raised for this year's pay deal from 2.6 per cent to 3.8 per cent, based on new economic assumptions.

Many critics thought even the figure of 3.8 per cent too low, and some of the assumptions — in particular that, over the long term, yields on investments, including capital appreciation as well as interest will be about 10 per cent a year and that over the long term again the increase in earnings will be about 8¼ per cent a year — also seem likely to be questioned closely.

Carpets International shares raid

BY RAY MAUGHAN

HONG KONG Carpet Manufacturers, one of the group of Hong Kong-based companies headed by Sir Laurence Kadoorie, has taken a major stake in Carpets International, the largest tufted carpets manufacturer in Britain and one of the largest in Europe.

The Hong Kong company paid £1.9m for a 25 per cent holding in Carpets International at 32p per *share following* one of the now familiar market raids carried out by brokers Rowe and Pitman, Hirst-Brown yesterday morning. It already had a 4.9 per cent stake so that the raid brings its holdings to just below the point at which it would be required to make a full bid.

Carpets International, however, has ben assured that the shares are regarded as a long-term investment and that Hong Kong Carpet does not intend to increase its interest.

Mr. Tony Yeh, managing director of the Hong Kong group, is meeting the Carpets International board in 10 days time.

The purchase price values Carpets International at £7.6m which contrasts with share*holders' funds of £38.5m.* The discrepancy reflects the difficulties faced by the British carpet industry. Carpets International has about 10 per cent of the UK tufted carpet market, while importers, led by U.S. manufacturers, are thought to account for a 20 per cent share.

The company, which employs just under 6,300 people in this country, saw its profits last year slump from £4.48m to £2.02m. Its dividend was halved.

● In another big stock markt coup yesterday, London and European Group, recently joined by former Ralli Securities *chairman,* Mr. Malcolm Horsman, acquired a 15.4 per cent stake in Newman Industries and is asking for a meeting with the Board of the troubled electric motors, ceramics and fastening manufacturer.

Mr. Peter Tett, a director of London and European said yesterday that the group had been looking at Newman for the past two months and saw a scope for recovery. Although he did not want to pre-judge the nature ofthe proposed discussions he ruled out the possibility of a bid. London and European has a market value of just under £3m at yesterday's prices and, after a 5p rise to 45p, Newman is capitalised at £11.15m.

Newman, however, last year, suffered heavy losses in its ceramics division and a severe slump in its electric motors division. Those were instru*mental in bringing total* profits last year down from £6.22m to £378,000.

London and European completed the acquisition of the quoted engineering group, Taylor Pallister, shortly after the appointment of Mr. Horsman to the Board in September. It recently published profits of £1m pre-tax for 1979.

Fed likely to drop foreign banks plan

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

THE U.S. Federal Reserve Board is likely to abandon its wide-ranging accouuting and reporting proposals for foreign banks operating in the U.S. after strong opposition from central bank and supervisory authorities in various countries.

The Fed proposals, published in November, have been heavily criticised by commercial banks in almost all countries affected.

Central banks, including the Bank of England, the West German Bundesbank and the National Bank of Switzerland, have told the Fed that its proposals would involve a breach *of the* 1975 Basle "concordat" under which national bank supervisory authorities undertook to supervise the inter*national operations of their own* domestic banks.

Several have suggested that retaliatory action might be taken against U.S. banks operating in their territories if the Fed pressed ahead with the plans.

The Fed's proposals are in a draft *revision of its reporting* form FR Y7. They are intended to apply to all foreign banks operating in the U.S. through subsidiaries, branches, agencies and commercial lending companies.

Part of the report, which will be available to the public on request, calls for a consolidated account for each bank group. Other information, including an analysis of earnings, loan losses and *secret reserves, will have* been granted confidential treatment.

Many submissions to the Fed reveal that banks do not appear to prepare full consolidated or group accounts even for internal management purposes.

It also emerges that bank supervisory authorities in a number of major countries are denied information such as full details of banks' reserves, bad debt provisions, and profit-and-loss analyses.

Banks in Switzerland, West Germany and other countries tell the Fed that they are determined to go on maintaining secret reserves, and the Swiss banks say they will never reveal their true reserves to *outside supervisory agencies.*

They would be prepared only to provide assurance that they met certain minimum standards.

While many banks would be prepared to provide the Fed with much of the information it wants, they say that they would be willing to do so only on a confidential basis. Some express worries that information given to the Fed on a confidentital basis might eventually become public through application of the U.S. Freedom of Information Act.

Copies of the submissions–to the Fed on the proposed revision of form FR Y7 may be obtained in the U.S. by the public under this Act.

The storm over the Fed's rules, Page 24

Foreign banks' status in UK defined

BY NICHOLAS COLCHESTER

BANKERS TRUST INTERNATIONAL and Bank of Tokyo International, the London investment banking arms of major U.S. and Japanese banks, are classified as licensed deposit takers in the enlarged lists of UK deposit taking institutions published by the Bank of England today.

Both institutions are understood to be so classified because they do not offer a sufficiently wide range of banking services *to qualify as recognised* banks under the Bank of England's criteria.

In announcing the new list, which allocates some 80 deposit taking institutions to one or other of the two categories now established under the Banking Act, the Bank explains why *some major names may emerge* in the second category.

First there is a group of companies which are mainly in the business of instalment credit and thus do not qualify as banks. United Dominions Trust and Mercantile Credit are two examples in today's list.

Second, the Bank says that the list of licensed deposit takers includes a group of overseas institutions which have set up UK operations only recently. It explains that "some institutions of high reputation and standing have not previously sought to proved, or have not been established long *enough in the UK to provide,* a wide range of banking services here."

Among foreign banks listed as licensed deposit takers are Japan International Bank, a Japanese consortium bank which has been in the City for nine years, the French Government-backed Banque Francaise due Commerce Extérieur, and the Riggs National Bank of Washington.

Todap's lists also include a large number of institutions, some of them major names, which have not so far been classified. Société Generale Bank and Bayerische Vereinsbank are examples.

Bank of Credit and Commerce International's status has not been formally decided, although this Arab-backed bank had earlier received intimation that it would be licensed rather than recognised.

Some banks remain absent from all three lists of institutions recognised, licensed and "under consideration." One example is Morgan Guaranty, the merchant banking offshoot of the New York bank.

Continued from Page 1

Plea to Saudis

Hilary Barnes writes from Copenhagen: Denmark has signed a *contract for crude oil* deliveries from Saudi Arabia which gives the Saudi company Petromin "absolute discretion" to terminate the contract if the Danish Government in any way brings the Saudi Arabian Government into disrepute.

Mr. Poul Nielsson, Minister of Energy, has been severely criticised by the Opposition for the agreement, which he originally claimed was "clear as a bell" of any political *conditions.*

He has refused to publish the contract, although he has permitted members of the Folketing (Parliament) energy and business committees to see it. The contract is between Petromin and the Danish State oil corporation Dansk Olie og Naturgas.

The English text of the contract makes it clear that the Saudi Arabian Government could terminate the contract if the Danish Government or its agents in any way gave offence to the Saudis.

Article 8.1c lays down that the Danish oil corporation, the Danish Government, or any Government department or agent must not "conduct itself in such a manner as to bring the Kingdom of Saudi Arabia or any of its departments or instrumentalities into disrepute in the international oil community or in any other manner whatsoever."

Article 8.2 states: "In the event that Petromin shall in its *absolute discretion determine* that there has been any breach by buyer of any of the provisions of article 8.1, then Petromin may be giving notice to buyer in accordance with article 16 of this contract either suspend or terminate this contract, and the buyer shall not have any right to claim damages or any other remedy against Petromin, the supplier, the Government of Saudi Arabia or any department or instrumentality thereof . . ."

Continued from Page 1

Britain's EEC bill

The Commission has now provided a picture of what each of the Nine's budget positions will be this year and next, according to four different assumptions about the rise of farm costs and of social and regional spending.

It was not prepared to be as detailed about 1982, believing such forecasting so far ahead to be too vague. Instead, the Commission offered suggestions of what the total EEC budget might be in the light of its different assumptions.

In essence, the Commission believes that, unadjusted, UK net payments will climb from £1.16bn this year to £1.36bn (2.24bn units of account) in 1981, assuming a modest 12 per cent increase *in farm spending.*

But given that actual agricultural spending has been rising at 20 per cent a year, the Commission has also calculated that Britain's payments could be £1.41bn (2.32bn units of account) if farm costs increase by 18 per cent next year.

It suggests that if farm spending were kept at the lower figure then there would be £1.3bn (2.2bn units of account) left in the EEC bill to finance a cut in UK payments. With farm spending 18 per cent *higher, the margin would be* only £795bn (1.3bn units of account), says the Commission.

If the 18 per cent trend were maintained in 1982, and regional and social spending allowed to grow at 20 per cent a year, there would be no margin at all for reducing the UK burden.

This is because the Community's estimated total budget for 1982 of £13.725bn (22.5bn) units of account) would consume all resources available.

The Commission's figures show that on present trends West Germany would as expected next year be the second largest contributor to the EEC budget to the tune of between £793m (1.3bn units of account) and £854m (1.4bn units of account).

Curb on gilts market urged

BY DAVID MARSH

THE GOVERNMENT should restrict its borrowing on the gilt-edged market to alleviate the severe financial squeeze being faced by the company sector, according to the influential London stockbrokers W. Greenwell.

In its latest monetary bulletin, Greenwell says the *financial pressure on the corporate* sector is the most severe since mid-1974, and is becoming progressively tighter. Unless this pressure is eased, it warns, *some sectors of industry will* not survive until any subsequent recovery.

The stockbrokers suggest that the Government should *restrict its issues of long-dated* gilt-edged stock to create more leeway for companies to raise long-term capital, either as Ordinary shares or as long-term debt.

The Government has been making large-scale borrowings from the non-bank private sector, mainly to offset the effect of high bank lending *on* the level of monetary growth. It should now try to break through this vicious circle," Greenwell says.

It says the aim should be to enable companies to return to the market to raise substantial quantities of long term capital.

"When it happens, companies will borrow less from the banks, the pressure on monetary growth will be reduced and the Government will need to sell less gilt-edged stock."

At the moment, Greenwell says, industry is not significantly tapping the huge cash flow of life assurance companies and pension funds because the long-term capital markets are dominated by official borrowing.

This "crowding out" of the Corporate sector has been made more serious by the fact that monetary growth is starting to undershoot the Government's target.

The scale of the Government's contribution to the corporate squeeze is shown by its transactions during the last six months. It has been borrowing long and repaying short *dated debt previously taken up* from the banking system.

During this time sales of central government debt to the non-bank private sector have exceeded the actual borrowing requirement by some £2bn, on a seasonally-adjusted basis, Greenwell calculates.

Directors urge interest rates cut, Page 9

Weather

UK TODAY

MAINLY dry, sunny intervals; rain near N. Sea coasts.

London, Cent. S., N.W. and Cent. N. England, Midlands
Dry, sunny periods. Max. 18-19C (64-66F).

Channel Isles, S.E. and N.E. England, E. Anglia
Drizzle in places, sunny intervals later inland. Cool. Max. 11-12C (52-54F).

S.W. England, S. Wales
Sunny intervals. Max. 15-16C (59-61F).

Lakes, S. Scotland Cent. Highlands
Sunny periods. Max. 17-18C (63-64F).

Aberdeen, Moray, N.E. Scotland, Orkney, Shetland
Mainly dry, some drizzle, cool. *Max. 9-10C (48-50F).*

Argyll, N.W. Scotland
Sunny intervals. Max. 13-15C (55-59F).

Outlook: Little change.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	16	61	L. Plms.	S	21	70
Algiers	F	22	72	Lisbon	S	20	68
Amsdm.	S	12	54	Locarno	S	21	70
Athens	S	21	70	London	C	14	57
Bahrain	S	39	102	Luxmbg.	S	17	63
Barclna.	F	17	63	Madrid	F	18	64
Beirut	S	21	70	Majorca	C	19	66
Belfast	F	14	57	Malaga	S	27	81
Belgrd.	F	20	68	Malta	S	20	68
Berlin	S	10	50	M'chstr.	F	13	55
Biarritz	C	14	57	Melbne.	C	13	55
Bmghm.	C	11	52	Milan	S	21	70
Blackpl.	C	15	59	Mntreal	S	21	70
Bordx.	F	17	63	Moscow	C	6	43
Boulgn.	C	12	54	Munich	F	17	63
Bristol	C	12	54	Nairobi	C	20	68
Brussels	S	15	59	Naples	S	19	66
Budpst.	F	18	64	Nwcstl.	C	10	50
B. Aires	S	19	66	N. York	S	25	77
Cairo	S	28	82	Nice	C	16	61
Cardiff	C	13	55	Nicosia	S	20	68
Cas'b'ca	F	20	68	Oporto	F	18	64
Cape. T.	C	20	68	Oslo	S	16	61
Chicago	S	25	77	Paris	F	19	66
Cologne	F	18	64	Perth	R	19	66
Cpnhgn.	S	11	52	Prague	F	12	54
Corfu	F	19	66	Reykjvk.	C	10	50
Dublin	F	13	55	Rhodes	S	20	68
Dbrvnk.	F	18	64	Rio J'o	S	28	82
Ednbgh.	C	11	52	Rome	S	19	66
Faro	S	25	77	Salzbrg.	F	16	61
Florence	F	20	68	Singapr.	S	31	88
Frankft.	S	16	61	Stckhm.	C	10	50
Funchal	S	16	61	Strasbg.	S	19	66
Geneva	F	16	61	Sydney	R	16	61
Gibrltr.	F	21	70	Tangier	F	20	68
Glasgow	F	15	59	Tel Aviv	F	22	72
G'rnsey	F	12	54	Tenerife	S	21	70
Helsinki	C	6	43	Tokyo	C	25	77
H. Kong	S	27	81	Toronto	S	26	79
Innsbrk.	C	16	61	Tunis	S	28	82
Invrnss.	C	10	50	Valencia	F	18	64
I.o.Man	S	13	55	Venice	S	19	66
Istanbul	F	14	57	Vienna	C	15	59
Jersey	F	13	55	Warsaw	C	8	46
Jo'burg	C	17	63	Zurich	F	15	59

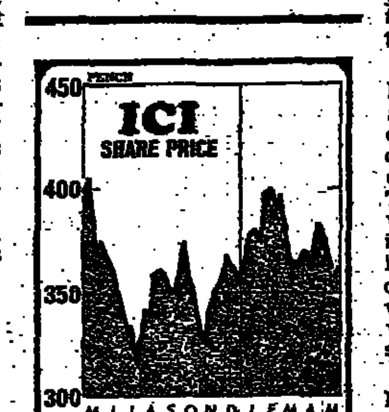
C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

ICI arrives at the downswing

The public sector borrowing requirement for 1979-80 turns out to be £9.8bn rather than the *£9.1bn estimated in the Budget* Red Book. But even though the seasonally adjusted January-March public sector surplus was only £0.2bn instead of the near £1bn required, the impact of this sudden swing into surplus on the rest of the economy was still sharp. Industry, for instance, was forced to begin a major stock reduction exercise, according to provisional figures from the Department of Industry for the first quarter.

Index fell 5.1 to 426.5



ICI

Like the American and German chemical majors, ICI enjoyed relatively firm markets in the first *quarter of 1980.* Sales volume fell very slightly but ICI was able to make higher prices stick, and pre-tax profits wor kout at £152m after a £4m exchange loss on net current assets. This is very much the level of the last two quarters of 1979, and well above the £98m of last year's first quarter when the group was badly affected by the UK haulage strike.

Now, however, it looks as though the fall in demand which ICI has been expecting for a year has at last arrived, and operating margins in the chemical businesses are beginning to contract significantly. Heavy cost increases are in prospect—not least wage costs in the UK.

On top of this comes the downgrading of production estimates from the Ninian oil-field. ICI's oil interests made only £26m in the first quarter, and alhough this figure may suffer from usually high provisions for petroleum revenue tax, it is clear that the oil side is going to make nothing like the £150m that once looked possible. But the rising propor*tion of profits coming from* Ninian will increase the group's tax charge, since industrial capital allowances cannot be used to offset the taxliability on North Sea earnings. For the years as a whole ICI may make £530m pre-tax, against a 1979 figure of £560m struck after £34me of exchange losses. The shares have been losing ground recently, and yesterday slipped 12p to 362p, at present the yield of 9 per cent is the main attraction.

Boots

After being £500,000 down at the halfway stage, Boots has managed to push profits up £8.8m in the second six months to end the year 7 per cent higher at £121.3m at the pre-tax level. Retailing produced the bulk of the recovery, due to a good Christmas and aggressive marketing of toiletries, and flattered by the weakness of the comparative figures for the January to March quarter of 1979. The share price rose 2p yesterday to 189p, to produce a yield of 5¼ per cent and a p/e of 11¼, fully-taxed.

In the industrial division the company has suffered from tougher competition, in common with other pharmaceutical groups. Prices typically are unchanged, while volumes have tended to fall, particularly for exports. However, while the established drug Brufen has been less profitable, sales of the newer Froben are expanding fast and are now running at nearly three-quarters the level of Brufen in the home market. In agricultural chemicals, sales have increased 18¼ per cent worldwide, but profits have barely shifted. The company should manage £135m or so pre-tax in the current year.

Debenhams

In 1979-80 Debenhams was finally forced to shrink back into its department store base, shedding an assortment of supermarkets and fashion and photographic shops along the way; just before the February year-end, too, it shifted around £20m of net liabilities out of its balance sheet by setting up an unconsolidated offshoot Welbeck Finance. The pressures that led to this drastic reshaping are now quantified in a slump in pre-tax profits of the retail operations from £20.7m to *£11.5m,* which includes a drop of nearly three-fifths in the second six months; after various non-trading items, pre-tax profits emerge a third lower for the year at £15.8m. Yet the stock market seemed pleased yesterday at the unchanged *final dividend—up* 1p to 87p, the shares yield 14.5 per cent.

The good news is that Debenhams has now slimmed down to a healthier shape. Thus it took on the chin last year some £8m of unusual stock markdowns in cutting closing stocks by a sixth. The less good news is that sales volume in the department stores is continuing to be poor, and it will be the second half (when comparisons will be with a much weaker period) before any worthwhile recovery can be seen.

This year the group will no longer have to cope with 1979-1980's losses of £1.2m on finance *and £6.5m on the businesses* disposed of. Add back the stock writedowns and in theory there is around £13.5m of recovery potential. More realistically, given reasonable conditions Debenhams could get back to the right side of £20m pre-tax.

Associated Eng.

The warning noises about deteriorating profits from the chairman of GKN yesterday are loudly echoed in the interim results from another company with strong motor industry links, Associated Engineering. Pre-tax profits are barely ahead at £10.5m, even though the comparable half-year in 1978-79 had registered a £4.7m decline due mainly to the tough winter and the Ford and transport strikes.

While the engineering *and* steel strikes have no doubt played a part, the group is facing softening demand in the motor sectors. Abroad, although volumes are up even before taking the acquisitions into account, trading margins have been trimmed. Aircraft components and Fluidrive are strong points.

The company seems to have been caught unawares by the deterioration, and after £12m of acquisitions and a £20m rise in working capital net indebtedness has moved up an uncomfortable £22½m in six months. With gearing up from just over 25 per cent of capital employed to a little below 32 per cent, the strain is showing through in interest charges. While the company may be able to hold this level of debt through the second half, its scope for further acquistions is severely curtailed. Full-year profits should be in the region of £20m-£21m, pre-tax, producing a p/e of below 6, fully taxed, after yesterday's 2½p fall in the share price to 57½p.

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